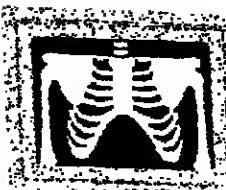


FINANCIAL TIMES



Telemedicine
Booster by
cheaper telecoms

Technology, Page 24

Semiconductors
Troubled times
in Taiwan

Page 22



Today's survey
Czech finance

Separate section



Weekend FT
What will guard the land
when we have gone?

World Business Newspaper

FRIDAY APRIL 26 1996

China and Russia warn west against seeking domination



Chinese president Jiang Zemin and his Russian counterpart Boris Yeltsin yesterday warned the west not to seek to dominate a post-cold war world. They also resolved in a joint communiqué to form a "strategic partnership" that would span security and economic ties into the 21st century. The two leaders, seen relaxing above, presided in Beijing over the signing of 13 agreements covering issues that ranged from setting up a leaders' hotline to co-ordinating a fight against crime. Page 8

London bomb attempt fails: A bomb which failed to go off fully near a London bridge on Wednesday night contained more high explosives than any other yet planted in Britain, police said. The device, with more than 30lbs of explosive, was the sixth planted in London since the IRA ended its 17-month ceasefire in February. Page 16

Ford eyes Asia: US car giant Ford Motor has set a long-term goal of achieving a 10 per cent market share in Asia compared with a current regional share of about 2 per cent.

Chernobyl radiation scares: An incident at the Chernobyl nuclear power station in Ukraine caused what officials called a minor release of radiation on Wednesday night, the eve of the 10th anniversary of the world's worst nuclear accident there. The incident happened as staff changed filters that pump air from the sarcophagus encasing the fourth reactor. Picture, Page 3

Khan sets up Pakistan party: Former Pakistan cricket captain Imran Khan launched a reform movement to fight corruption and injustice. He said he would turn his Tehrik-e-Insaf (justice movement) into a political party when people showed support for it. Page 8

Japan in repo pact: Japan's monetary authorities signed repurchase agreements with Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore and Thailand, a move aimed at providing liquidity and helping stabilise regional foreign exchange markets. Page 8

Goñizález 'not linked to dirty war': No evidence was found to link outgoing Spanish prime minister Felipe Goñizález with accusations over the "dirty war" against Basque terrorists in the 1980s, the country's supreme court investigator said. The "dirty war" scandal cost Goñizález the support of his former parliamentary allies and forced him to call elections early. Spain waits. Page 2

Israel drops claims: Israel's ruling Labour dropped a manifesto claim that the Golan Heights was an absolute strategic national need. Israeli fighter aircraft continued their two-week old attack on Lebanon. Page 3

Mexican media group: Grupo Televisa made a 396m pesos (\$33.5m) first quarter net loss. It was hit by higher debt-servicing costs and falling sales and revenues. Page 17

Direct Line to the US: Peter Wood, the Briton who turned phone based Direct Line into the UK's biggest motor insurer, has raised an initial \$215m to launch an assault on the American auto insurance market via a new US company. Page 17

Telefónica, Spain's partly state-controlled telecoms group, released first-quarter figures showing a 20 per cent rise in consolidated net profit to Pta24.05bn (\$190m). Page 17

Farmers challenge beef ban: Britain's farmers won the right to challenge the European Commission's worldwide ban on British beef exports in the European Court. The ban was introduced after the UK government disclosed a possible link between the cattle disorder BSE and a fatal human brain disease. Page 16

County's bankruptcy 'not justified': The bankruptcy of 1994 petition California's Orange County was not financially justified, argues Nobel economist laureate Merton Miller. Page 4

STOCK MARKET INDICES		GOLD	
New York S&P 500	4,314.52 (-39.29)	New York COMEX	329.33 (352.7)
Dow Jones Ind. Av.	5,514.52 (-1.36)	London	329.43 (391.0)
NASDAQ Composite	1,175.47	London	329.43 (391.0)
Europe and Far East			
CAC 40	2,116.35 (+5.75)		
DAX	2,632.41 (+5.85)		
FT-SE 100	3,819.3 (+7.7)		
Nikkei	22,231.1 (+1.59)		
US LONGTERM RATES		DOLLAR	
Federal Funds	5.5%	New York S&P 500	4,314.52
3-mth Treas Bill	5.11%	DAX	2,632.41
Long Bond	6.5%	FT-SE 100	3,819.3
Yield	6.65%	Nikkei	22,231.1
OTHER RATES		STERLING	
UK 3-mth interbank	6% (6.50%)	DM	2,371.8 (2,302.3)
UK 10 yr GB	9.61% (9.6%)	Telco 8 clart	Y 106.7
France 10 yr OAT	105.05 (105.05)		
Germany 10 yr Bund	97.33 (97.73)		
Japan 10 yr JGB	97.29 (97.74)		
NORTH SEA OIL (Argus)			
Spot Brent	\$20.45 (\$20.35)		

Protests as spending is reduced DM25bn in effort to boost economy

Bonn coalition leaders back plan for cost-cutting

By Peter Norman in Bonn

The leaders of Germany's coalition government yesterday agreed a controversial package of spending cuts, welfare reforms and tax changes aimed at boosting the country's flagging economy and creating the conditions for more employment.

The federal government will cut spending next year by DM25bn, while similar economies are planned for state and local authorities to halt a rapid worsening of the public finances.

To reduce non-wage labour costs and ensure that Germany can be a founder member of European economic and monetary union in 1999, the government has also prescribed reductions of nearly DM20bn for the country's pension and health insurance funds.

News of the package triggered strong protests from the main opposition Social Democratic party. Mr Oskar Lafontaine, the SPD leader, said it was a "programme against workers, families and pensioners".

In a letter to his fellow citizens, Mr Helmut Kohl, the chancellor, said the measures were needed to

combat unemployment. "More jobs will be lost if we don't act now. Our welfare state could no longer be financed," he said.

Early reactions indicated that the package was much tougher than expected. For example, it envisages the freezing of many benefits and tax allowances next year as well as public sector pay. Wage negotiations for the public sector began yesterday but were adjourned without the employers making an offer.

After Tuesday night's failure to win trade union backing for politically sensitive cuts in sick pay and job protection, Mr Kohl's government will push ahead with legislation to cut payments made by employers in the first six weeks of illness to 80 per cent of basic wages. At present employers have to pay salary and extras such as overtime in full at an estimated cost of DM68bn a year.

In the hope of making a big dent in Germany's 4.14m army of unemployed, the coalition also plans legislation to exempt many small companies from Germany's tough employment protection rules. If approved, protection against dismissal will apply to companies with more than 10

workers rather than those with more than five as at present.

Mr Herbert Späth, president of the association of German craft industries, yesterday predicted that this move would trigger "a wave of hiring" and create up to 500,000 new jobs. Nearly 80 per cent of companies in Germany employ fewer than 10 people, and Mr Späth said surveys suggested that between a fifth and one-quarter of small businesses would increase workforces in response to the planned change.

With its emphasis on reducing employers' costs, the package is intended to make Germany better able to deal with competitive pressures. According to Mr Hermann-Otto Solms, the leader of the liberal Free Democrat party in the Bundestag, the proposals recognise that many of the policy measures used in the past to cut unemployment no longer work.

Coalition officials pointed to a new tax break to encourage employment in private households as a sign that the government was not afraid to innovate to boost employment.



Helmut Kohl: 'More jobs will be lost if we don't act now. Our welfare state could no longer be financed'

US Congress set to approve budget at last

By Jurek Martin in Washington

The US Congress was yesterday expected to approve a budget agreement for the current fiscal year, hammered out on Wednesday night by Republican leaders and the Clinton administration.

The \$163bn deal covers nine of the 13 leading government departments and other federal agencies which have lacked a budget for the first seven months of the financial year.

Passage would remove the threat of a third government shutdown and the need for what

would have been a 14th temporary funding bill.

Like most compromises, it enabled both sides to boast they had won. But the larger political advantage in the protracted budgetary impasse clearly lies with President Bill Clinton and the Democrats. It took significant Republican concessions over the environment, education and job training in the final negotiations to bring about an agreement.

Nevertheless, Republican leaders claimed satisfaction because the level of departmental spending was \$23bn less than last year.

This, said Mr John Kasich, House budget committee chairman, was "a tremendous victory".

But Mr Leon Panetta, White House chief of staff and chief administration negotiator, said the agreement went "a very long way towards protecting the president's priorities". It included restoration of nearly \$5bn in spending previously cut by Congress.

One non-budgetary concession by the Republicans was vital in removing the final threat of a presidential veto. They promised to rescind a regulation passed earlier this year forcing the dis-

charge of any member of the armed forces testing positive for HIV, the virus that may lead to AIDS.

Similarly, the Republicans also agreed to drop several riders weakening environmental regulation or to grant Mr Clinton the right to waive them. These included provisions ending the Environmental Protection Agency's authority over national wetlands, authorising more logging in an Alaskan national park and imposing a moratorium on additions to the endangered species list.

The Republican drive to weaken environmental laws has both split the party and proved unpopular with the public. This week Congressman Newt Gingrich gave the "greenest" speech of his speakership, virtually admitting that Republicans had misread the national mood on the environment.

That judgment could equally be applied across the budgetary board. Mr Clinton successfully blamed Republican ideological "extremism" for forcing the two

Continued on Page 16

S African strike fears push battered rand to new low

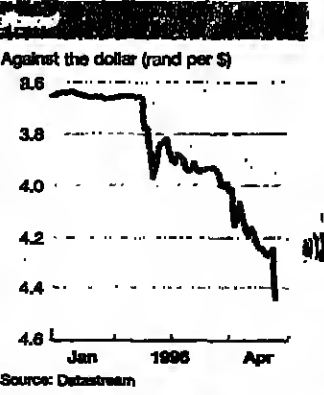
By Roger Matthews in Johannesburg and Philip Gawth in London

The South African rand took another battering on foreign exchange markets yesterday after concerns about strikes, foreign exchange restrictions and the new finance minister.

Dealers said the fall to a new low of R4.45 to the dollar in London, from R4.26 on Wednesday, was in part triggered by the call for a one-day national strike next week by the Congress of South African Trade Unions (Cosatu). There was also disappointment after Mr Chris Stals, governor of the Reserve Bank, South Africa's central bank, said it would be a mistake to relax exchange controls in the present situation.

Traders in London said sentiment had been further soured by the unconvincing performance of Mr Trevor Manuel, the new finance minister, during a series of overseas meetings. Investors are concerned that Mr Manuel, the first politician appointed to the post previously occupied by non-aligned bankers, will prove less able than his predecessors to contain public spending.

The rand has fallen 18 per cent since mid-February. The previous 11 months had seen it trade steadily around R3.65 to the dollar. Most observers believe it is the victim of a selling frenzy.



Cosatu repeated yesterday that it was committed to the strike next Tuesday and would take further action if necessary. It is demanding that employers' right to lock out striking workers be removed from the draft constitution to be adopted on May 8. This would reverse the compromise reached by unions, employers and the government on the new labour relations bill.

Employers' organisations warned the strike would damage industry and investor confidence, and some companies urged a one-day lockout in retaliation.

Mr Stals said this week that he believed the rand would now stabilise and was probably somewhat undervalued. On Wednesday he emphasised that the main objective of monetary policy was to protect the value of the currency by keeping inflation low.

Speaking after the rand's sharp fall, Mr Stals said: "It is getting more difficult to remove exchange controls. We first have to get stability back into the market. Whatever we do on an exchange controls must be done in an atmosphere of more stable conditions."

The Reserve Bank yesterday sold dollars to support the rand, citing its anxieties over the risk of higher inflation.

Currencies, Page 27

World stocks, Page 36

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Germany beats UK in turning the Euro into Ecus

By Caroline Southey in Brussels
Germany has already been awarded nearly a fifth of the Euro19m (\$23.5m) budget set aside for 1996 to promote the EU's single currency, the Euro, suggesting Germans are likely to be the best informed EU citizens when new notes and coins are introduced in 2002.

Kohl's team hopes it has found the formula to end economic stalemate
Bonn goes beyond spending cuts

By Peter Norman in Bonn

There was a palpable sense of achievement when the senior politicians in Chancellor Helmut Kohl's coalition government yesterday completed negotiating the package of measures to revive the economy and reduce unemployment.



Looking for cuts: finance minister Theo Waigel yesterday

SPENDING CUTS IN 1997 (DMbn)

Table with 2 columns: Category and Amount (DMbn). Rows include Federal budget, Cuts in departmental budgets, Public sector pay freeze, etc.

clampdown on the insurers' administration costs. The introduction of the second stage of residential care insurance for the elderly in July will reduce the use of hospital beds, saving some DM2.4bn.

ECONOMY SENDS OUT CONFLICTING SIGNALS

The problems faced by Chancellor Helmut Kohl's government were exacerbated yesterday when it emerged that industrial production in February had fallen by 2.8 per cent compared with a month earlier, writes Michael Lindenau in Bonn.

the downward revision was largely driven by poor results in the construction industry - where production fell 11.6 per cent - there was also a 2.1 per cent fall in industrial production.

the final, seasonally adjusted February figures released yesterday by the Bundesbank. However, the fall was slighter, dropping to 1.3 per cent from a 1 per cent fall reported earlier.

per cent a month earlier. The monthly comparison with March showed a 0.2 per cent rise, driven by a 4.4 per cent rise in heating oil prices.

Progress in clearing up financial mess left by break-up of former Yugoslavia
Croatia nears debt deal with banks

By Kevin Dove, East Europe Correspondent
Leading western banks were close last night to reaching agreement with Croatia on its share of the \$4.4bn of commercial bank debt of former Yugoslavia.

mer Yugoslavia to the commercial banks, which total around \$5.6bn including principal and interest.

There has been mounting confusion surrounding Belgrade's approach to the debt negotiations and its efforts to re-orient the international financial community, and in particular to gain membership of the International Monetary Fund and the World Bank.

Earlier this month the conflict became public when Mr Dragoslav Avramovic, the central bank governor, blamed his own government for blocking rump Yugoslavia's membership of the IMF.

Ireland leaves a mixed message

John Murray Brown on official ambivalence over a phone monopoly privatisation

He crossed lines afflicting Ireland's efforts to liberalise its telecommunications sector have become even more entangled.

and IS600m. Officials at TE are still confident the equity disposal will realise a price "in the £2400m range".

Under EU directives, voice telephony services are to be opened to competition by 1998.

Two weeks ago, in a move to appeal to a prospective buyer, Dublin announced new rules curbing the use of routers.

Even including the 2 per cent of workers in government-backed training schemes, total unemployment in Norway stands at little more than half the level of Sweden. The flow of oil and gas from the North Sea is the critical factor buoying the economy.

EUROPEAN NEWS DIGEST

Rise in French inflation rate

France experienced its biggest rise in monthly inflation for five years in March, but consumer spending on manufactured goods dipped for the second month running.

Spain prolongs political vacuum

Spain's agonising wait for a new government was extended yesterday when it became clear that an inaugural debate in congress to confirm Mr José María Aznar, leader of the centre-right Popular party, as prime minister could not be held before the end of the month.

Chiller delays coalition decision

The former Turkish prime minister, Mrs Tansu Chiller, said yesterday that her True Path party had decided to postpone a decision on its future role in the ruling conservative coalition.

Czech capital markets reformed

The Czech parliament yesterday approved reforms to the country's unruly capital markets, adopting measures to protect minority shareholders in privatised companies.

Prague street paved with onions



A Czech agriculture ministry employee (above) collects some of the three tonnes of onions dumped in front of the ministry building in Prague yesterday by farmers angry at the import of cheaper and inferior-quality onions from the European Union.

Swiss finalise alpine rail project

Switzerland's government will ask its parliament in June to approve a massive rail and tunnel project through the Alps aimed at easing trans-European traffic and costing SFr30bn (\$24.27bn).

Fewer Norwegians unemployed

Unemployment in Norway fell in April to 4.2 per cent of the workforce from 4.5 per cent the month before, as the oil-boasted economy continued to grow faster than its neighbouring Nordic countries, where jobless figures are much higher.

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Bankers to lean on Russian candidates

By John Thornhill in Moscow

Some of Russia's most powerful bankers are planning an attempt to persuade the leading candidates in the presidential elections to develop a joint political programme and are threatening to withhold financial support from candidates who refuse to enter such a dialogue.

Several of Russia's leading financiers, who also control many media groups, are believed to have held a secret meeting with newspaper and television editors on Tuesday to discuss tactics. They fear a decisive win by either Mr Gemady Zyuganov, the Communist candidate, or President Boris Yeltsin could spark serious social unrest, even threatening civil war.

Opinion polls show many voters strongly oppose both leading candidates - who seem likely to make it through the first ballot on June 16. Some of the leading movers behind the banks' proposals are understood to include Mr Boris Berezovsky, head of the Logovaz trading empire, Mr Vladimir Gusinsky, head of the Most banking and media group, and Mr Mikhail Potanin, president of Onexim-bank, who have been antagonistic towards one another.

Several other banks, such as Sotchiy, Menatep and Alpha-Bank, which have been among the most conspicuous beneficiaries of Russia's privatisation programme, are also involved, according to Russian newspaper reports. Other executives in the oil and gas industries have expressed support.

It is not yet clear whether the banks' plans will develop into concrete proposals. Nor is it certain whether they will attempt to press for change behind the scenes or go public with their demands. Any open pressure on the candidates could backfire and lead to accusations that the banks are simply trying to defend their own interests. Both the Communist party and

the government have floated plans to take some semi-privatised companies back under state control. Mr Yeltsin has, with some success, been trying to depict his Communist opponents as extremists who will destroy the reform process and he would appear temperamentally averse to any compromise. "If they [the Communists] win, civil war would start in Russia," Mr Yeltsin told the leadership of the Chinese Communist party in Beijing yesterday. "This would be an end to reforms, this cannot be allowed."

Italian premier must decide on mini-budget

By Robert Graham in Rome

The need for a mini-budget before the summer has been confirmed by the long-delayed release of Italy's quarterly public accounts. The figures show an extra L9,600bn (\$6.2bn) will have to be found in new fiscal measures or spending cuts to hold the 1996 budget to its targeted deficit - L108,400bn, equivalent to 5.9 per cent of GDP.

Earlier, Mr Vladimir Kozlov, deputy economics minister, conceded that political uncertainty in Russia was scaring away foreign investment. The need for a mini-budget before the summer has been confirmed by the long-delayed release of Italy's quarterly public accounts. The figures show an extra L9,600bn (\$6.2bn) will have to be found in new fiscal measures or spending cuts to hold the 1996 budget to its targeted deficit - L108,400bn, equivalent to 5.9 per cent of GDP.

Europe and US lay plans for more flexible military alliance

Paris-Washington compromise over independent missions

Defence chiefs from the US and its Nato partners have succeeded, after more than two years of tortuous discussions, in hammering out the details of a new model for military co-operation. The breakthrough appears to bring a step closer to fulfilment the French vision of a Europe which remains allied to the US but can organise military missions on its own if necessary.

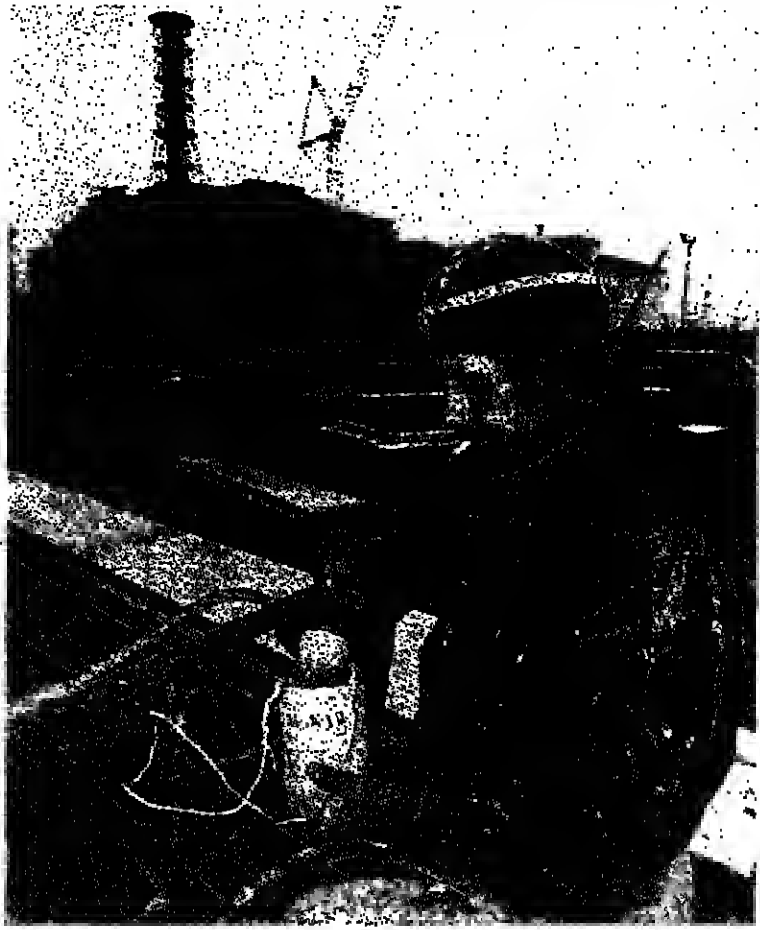
Under the compromise, the US has agreed to France's wish that CJTFs might sometimes be run from non-Nato commands, such as the Strasbourg headquarters of the Eurocorps, a mainly Franco-German structure. The suitability of these commands would have to be certified by Nato, and if necessary Nato would help upgrade them.

France, in keeping with its announcement last December of a partial return to Nato's military wing, has also made a series of concessions. It has accepted that CJTFs would require political approval from the North Atlantic Council - an institution grouping Nato's 16 members, in which Washington always speaks with the loudest voice.

Meeting in Brussels this week, western armed forces chiefs settled the terms on which wholly or mainly European missions could borrow transport and electronics from Nato - or in practical terms, from the US. The deal, which Nato foreign ministers will endorse in Berlin in June, was made possible by a delicate Franco-US compromise, struck behind the scenes about two months ago. Disagreements between Paris and Washington have been the main reason for delays in fulfilling the pledge made by President Bill Clinton and other western leaders in January 1994 to develop a new form of US-European co-operation known as combined, joint task forces (CJTF).

Paris has also come round to the US view that Nato, having lent equipment to a CJTF, would have the right to take it back before the mission was completed - but only in the event of a grave security crisis. Nato officials say the compromise marks an important step in adapting the alliance to a post-Cold War Europe, in which the US reduces its military presence. But many more steps are needed; for financial reasons, the number of Nato commands must be reduced, and will presumably have to be spread over more countries as the alliance expands. This will be a painful process: existing members are protective of the commands on their soil, and prospective new members - Poland, the Czech Republic and Hungary - may be even more so.

But this command structure reform is, precisely where France, long resentful of US hegemony in Nato, sees its opportunity. French officials would like to see all-European commands, and perhaps European commanders who combined their Nato functions with some form of subordination to EU institutions. For example, the post of supreme commander of allied forces in Europe - Saceur, in Nato jargon - has always been filled by a US general. In the French vision, Saceur might be flanked by a European deputy who could sometimes act independently. But Nato officials believe the US will look sceptically at French proposals for the "Europeanisation" of Nato unless Europe acquires some coherent policy and decision-making structures as a result of the IGC.



A worker paints a fence around a Chernobyl nuclear reactor this week

Worst effects of Chernobyl 'still to come'

The worst health consequences of the Chernobyl accident, 10 years ago today, may still lie ahead, according to President Boris Yeltsin's environmental adviser, Bruce Clark writes from Brussels. Professor Alexei Yablokov, in Brussels as guest of the Bellona Foundation, an environmental pressure group, said he feared that "we are on the eve of a huge

development in the rate of cancer" as a result of Chernobyl - cancers caused by the bombs dropped on Hiroshima and Nagasaki had only started rising sharply a decade later. Already, the annual incidence of thyroid cancer among children in Russia, Ukraine and Belarus had risen to more than 700 from under 30 before 1986, he said.

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About-turn by Paraguay's president comes as thousands of protesters threaten to clash

Wasmosy reverses pledge to strongman

By David Pilling in Asunción

Paraguay's President Juan Carlos Wasmosy, bowing to huge popular and political pressure, yesterday reversed his promise to name military strongman General Lino Oviedo as defence minister.

Colonel Carlos Alberto Ovando, armed forces spokesman, distanced himself from the rebellious general, who had until Wednesday refused a presidential order to resign his command, saying: "What he does now is his own private problem... He no longer has any connection with the

armed forces." Gen Rafael Noguera, Paraguay's military chief of staff, had late on Wednesday night said the armed forces would accept the decisions of Mr Wasmosy, the country's first democratically elected president in 50 years.

Gen Oviedo's stand-off with Mr Wasmosy had appeared to end when they embraced at a parade. The general relinquished his army command after being promised the defence ministry.

Mr Wasmosy overturned that decision amid great tension and confusion as thousands of demonstrators - both

supporters and opponents of Gen Oviedo - threatened to clash while they marched towards the presidential palace. Heavily armed police kept them apart.

Supporters of the general, decked out in the bright red of the ruling Colorado party, stormed the palace when they heard their military hero was inside. Referring to the general's desire to become president in 1998, Mrs Lida Brum de Halaburda, a supporter, pushed past a policeman's riot shield to say: "I want a valiant leader, a patriot who loves his country and who can bring order and maintain

discipline. In Paraguay we confuse democracy with a free-for-all."

Opposition supporters, shouting slogans against both Gen Oviedo and Mr Wasmosy, moved against police lines as the red tide swept towards the palace. They were beaten back with truncheons.

"We are against the two of them," said Mrs Maria Perez de Doldan, a hospital volunteer. "Both Oviedo and Wasmosy should get out and take their corrupt government with them. Ours is only a limited democracy."

Mr Wasmosy, after 24 hours of silence, arrived by helicopter at the

presidential palace in an effort to quell coup rumours and damp down pressure for his impeachment. "I have decided to break my personal commitment, whatever the consequences for myself," he said.

Gen Oviedo, who had arrived at the presidential palace for what was to have been his ministerial swearing-in, reacted to Mr Wasmosy's change of mind by saying he would explain his next move at a rally of supporters later in the afternoon.

"I have no commitment to the national government," he said. "I consider myself a soldier for democracy."

AMERICAN NEWS DIGEST

Sales of US homes buoyant

Sales of US existing homes shot up in March to the briskest rate in more than two years as buyers rushed to take advantage of relatively low interest rates, the National Association of Realtors said yesterday.

Sales jumped 6.9 per cent from February to a seasonally adjusted annual rate of 4.21m units - the highest rate since 4.35m in December 1993, according to the real estate group.

March sales were 16 per cent higher than the rate a year earlier, when used homes were selling at a rate of 3.63m a year. The March figure was well above Wall Street economists' expectations of a 3.94m rate. Every region in the country reported higher sales.

Mr John Tuccillo, chief economist for the realtors' group, said the robust March sales pace reflected lower rates earlier this year and was unlikely to be sustained into the summer.

Reuter, Washington

Kennedy ring fetches \$2.6m

The big spender came out again for Jacqueline Kennedy Onassis's worldly goods at Sotheby's in New York on Wednesday night, pushing the midway total of the four-day sale to \$20.8m.

The biggest price of the night - in what has turned into the celebrity auction of the century - was fetched for the biggest diamond ring the former First Lady owned, a 40-carat gem mounted in platinum that, according to one account, was given to her by Aristotle Onassis the night he proposed marriage. The ring fetched \$2.6m.

An unidentified European museum paid \$1.4m for the 18th-century desk which President John Kennedy used to sign the 1963 nuclear test ban treaty outlawing all nuclear tests.

Reuter, New York

Land reform ministry for Brazil

Brazil's President Fernando Henrique Cardoso has created an "extraordinary" ministry for land reform following allegations that his government was moving too slowly on the issue.

Criticism of a government programme to allocate settlements to landless workers has strengthened since police killed at least 19 demonstrators in the northern state of Pará last week. Mr Cardoso defended the government's record, claiming to have found land for more than 42,000 families since January 1995. Landless workers' representatives say the true figure is 12,000 families. The new minister is Mr Raul Jungman, formerly president of a government environment agency, Itama.

Jonathan Wheatley, São Paulo

Mexican truckers set to strike

Mexico's road haulage operators are threatening to strike from April 29 unless the government agrees to lower diesel tariffs and aids the indebted transport sector.

The stoppage would have a devastating impact on Mexico's export sector and cause considerable disruption to the internal distribution of goods. A similar strike by Chilean road haulage operators in 1973 helped bring down the government of the late president Salvador Allende.

The Confederation of Mexican Transport Operators (Constram), which is threatening the indefinite strike, groups about half the country's cargo operators, most of whom are small entrepreneurs who own their own trucks. More than 80 per cent of Mexico's \$60bn-worth of exports to the US are carried overland, as is a similar percentage of the country's internal trade.

Leslie Crawford, Mexico City

Orange County's bankruptcy was 'not justified'

By Christopher Parkes in Los Angeles

The Orange County bankruptcy petition, filed in December 1994, was not financially justified, a Nobel economics laureate claimed yesterday.

The county, which is still racked by the economic and political shockwaves generated in the largest municipal financial collapse on record, had more than enough funds and revenues to cover its obligations, according to Mr Merton Miller.

Mr Miller, professor of finance at Chicago University, is an acknowledged expert on derivatives - the financial instruments most used in the southern Californian authority's investment pool.

His report, delivered yesterday, was commissioned by Merrill Lynch, the New York-based investment house and former key adviser to the Orange County treasury, which is being sued by Orange County for \$2bn in a malpractice suit.

Mr Miller's findings support allegations from Merrill and other sources that the county's board of supervisors acted over-hastily in sacking Mr Robert Chiron, county treasurer,

after the disclosure that the value of the investment pool had fallen \$1.5bn.

The supervisors, who had a long history of direct intervention in the county's political and administrative affairs despite their strictly defined role as overseers, immediately filed for bankruptcy, thus realising a paper loss.

This paper deficit, according to Mr Miller's research, would have been more than reinstated had nerves remained cool.

"Our analysis shows that if bankruptcy had not been declared, the value of the Orange County investment pool portfolio would have increased by about \$1.6bn between December 1 1994 and March 29 1996," Mr Miller said.

This exceeded the losses sustained in liquidating the pool, he added.

Even at the time of the collapse monthly interest earnings on county investments exceeded the cost of funds by about \$2m, he claimed.

"By filing bankruptcy petitions and liquidating the pool Orange County officials changed the fund's investment strategy," Mr Miller's study concluded.



Members of the Vietnamese community in California march on the Capitol in Sacramento in support of South-East Asia Genocide Remembrance Week. The event was attended by many who served as prisoners of war in the Vietnam conflict.

Teamsters 'victory' in plant dispute

By Robert Taylor, Employment Editor

The US Teamsters union claimed a victory last night when Huhtamaki Oy, the Finnish-owned food conglomerate, agreed to suspend its plan to close its confectionery plant in Centralia, Illinois, and move production to non-union facilities 100 miles away.

An independent inquiry is to be held into the decision and it will report by the end of summer.

Union officials, along with local clergyman, employers and community leaders from the town met Mr Timo Peltola, the company's chief executive, in Helsinki yesterday and he agreed to their demand for the inquiry.

"This dispute shows trade unions need to project disputes over plant closures as human rights issues and not just labour-management problems," Mr Ron Carver, the Teamsters strategic campaigns director, said yesterday. The plant,

employing 400 workers, is the second largest employer in Centralia and the union claimed its closure would have had a devastating impact.

The union mobilised a wide coalition in Illinois involving politicians, the clergy, community associations and other pressure groups.

The Teamsters were also helped in their campaign by the Finnish food workers' union and the Geneva-based Food Workers International. The union had an open letter

to Mr Peltola published in the leading Finnish newspaper Helsingin Sanomat as an advertisement calling on him to intervene and rethink the decision to close the plant.

The company was told if it did not agree to an independent inquiry a nationwide consumer boycott would be organised in the US against its PayDay candy bar. The Teamsters are involved in a number of other corporate campaigns against international companies.



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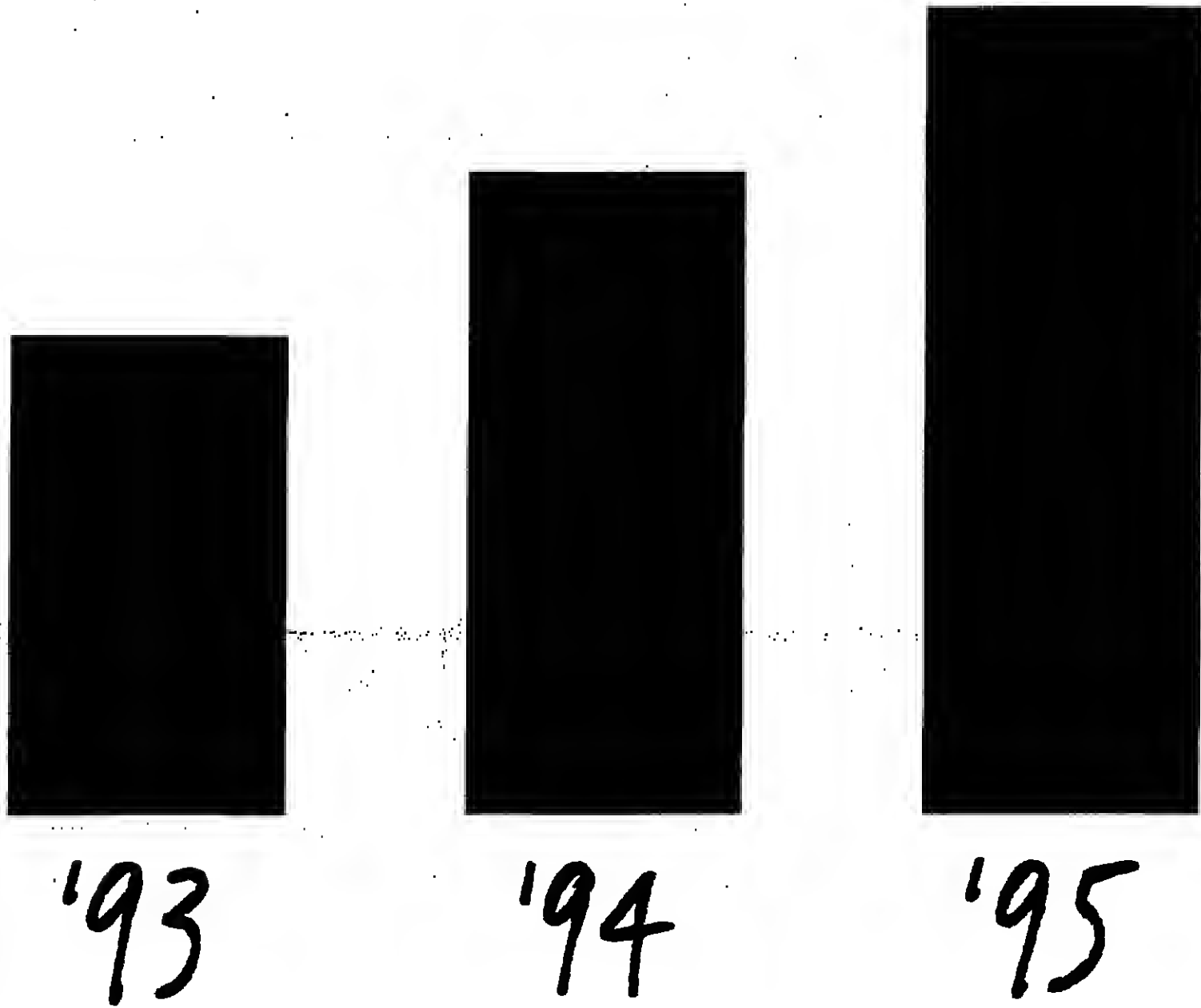
As the global economy surges forward, we're bound to cross a few international borders.

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So who insures the insurers?



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The results of this strategy almost read like a poem (in Swiss francs and percentage points):

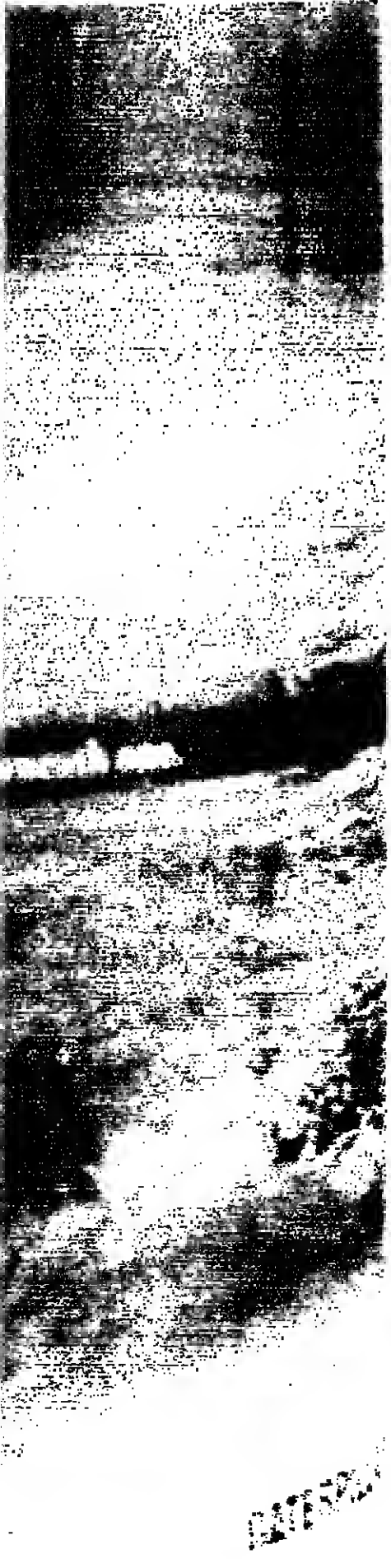
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549	709	1,088 ¹⁾
41.-	50.-	74.- ²⁾
7.4	8.7	12.7 ³⁾
10.50	15.-	22.50 ⁴⁾

(¹⁾ordinary result after tax in millions; ²⁾per share; ³⁾% Return on Equity; ⁴⁾dividend - if the shareholders' meeting approves)

If you'd rather have this quatrain in prose, we'd be pleased to send you the letter to our shareholders (even if you aren't one yet): fax +41 1 285 40 98 in Zurich.

Swiss Re



Israeli Labour party drops Golan demand

By Julian Ozanne in Jerusalem and David Gardner in Beirut

Israel yesterday made an important political gesture towards Syria, as US attempts to secure a ceasefire on the Israeli-Lebanese border remained mired in what US secretary of state Warren Christopher called "important differences" between Israel and Syria and Lebanon.

The ruling Israeli Labour party of Mr Shimon Peres, the prime minister, yesterday dropped from its election manifesto a clause which stated that retaining the Golan Heights - captured from Syria in the 1967 Arab-Israeli war - was an absolute strategic need for the Jewish state.

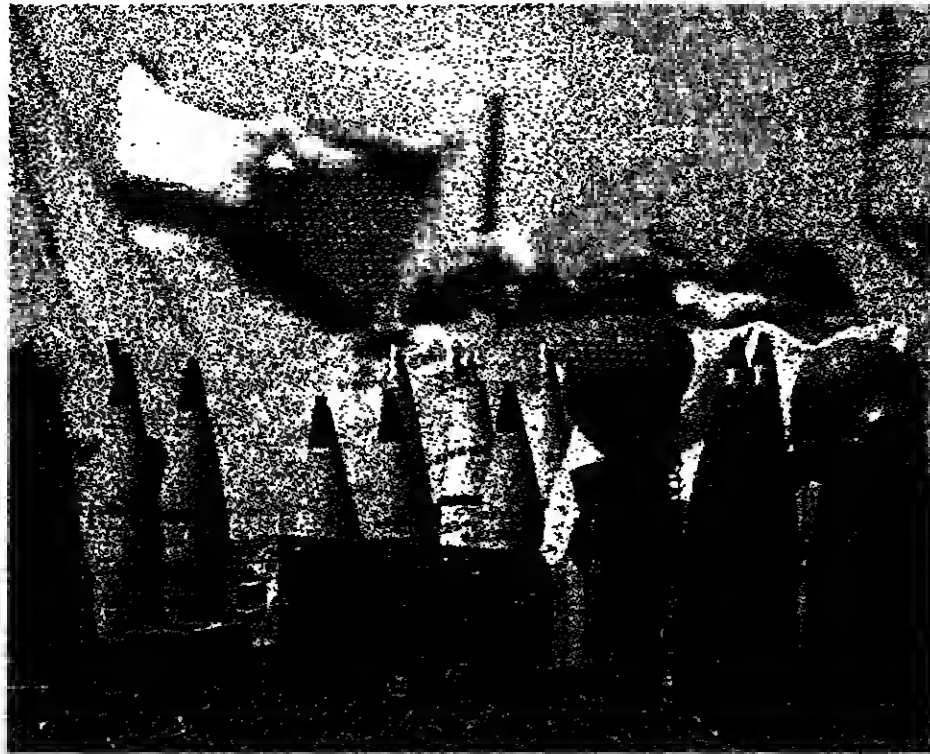
Syria, which as the military overlord in Lebanon is the focus of Mr Christopher's six days of shuttle diplomacy between Jerusalem and Damascus, has insisted that Israel state its willingness to withdraw from the Golan as a condition of peace.

Revising Labour's platform for the May 29 election falls short of that demand. But the gesture is unmistakable, and could open the way to new Israeli peace talks with Syria, and with Lebanon over the "security zone" Israel occupies in south Lebanon, the root cause of the current fighting.

There were fears of an escalation in that fighting yesterday as Israel continued heavy bombardments and shelling of south Lebanon, and its warships continued to pound the coastal highway linking the south to the capital Beirut.

Hizbollah, the pro-Iranian militia which Damascus has used as a proxy in its struggle to get the peace terms it wants from Israel, kept up its salvoes of Katyusha rockets into northern Israel.

Sheikh Naim Qassem, a senior Hizbollah leader, said US ceasefire plans - which attempt not only to end the firing on civilians but to shackle the Shia Muslim guerrillas' ability to attack Israeli



Israeli troops rest their helmets on shells at an artillery post on the Lebanon border

forces inside the occupied "security zone" - are "completely rejected by us".

"We haven't heard of any American plan; it is an Israeli plan," the Hizbollah leader said. "They want to end the resistance in south Lebanon so that the Israelis can be in a comfortable position."

As Mr Christopher left Jerusalem for a new round of talks yesterday evening with Syrian

President Hafez al-Assad in Damascus, Mr Peres underlined that "the remaining issues are very serious." Mr Peres desperately needs to be able to show Israeli voters next month that the internationally criticised onslaught on south Lebanon will curb Hizbollah.

Syria and Lebanon, however, along with Iran, Hizbollah's ideological mentor, back

French suggestions that ceasefire arrangements simply tighten up 1993 undertakings arranged by the US proscribing the targeting of civilians, and at the same time raise the issue of the Israeli occupation.

"On the issue of firing at civilians on both sides of the border, we're in agreement," Mr Peres said yesterday. "I think in a day or two we'll know where we stand."

Unctad strives to prove its doubters wrong

By Frances Williams in Geneva

The United Nations Conference on Trade and Development, which only a year ago seemed destined for oblivion, opens its ninth quadrennial ministerial conference in South Africa tomorrow on a note of optimism.

The official theme of the conference, which runs until May 11, is how to promote growth and development in a globalising and liberalising world economy, with emphasis on the "excluded 2bn" of the world's population at risk of being left behind. Some 3,000 ministers and officials from Unctad's 188 members are expected to attend.

But for Mr Rubens Ricupero, Unctad's new secretary-general, the conference has another crucial function. He has dubbed it a "Renaissance conference", in expectation that it will endorse his strategy for reform designed to dispel criticism from western countries that the organisation is a costly irrelevance.

In a flurry of proposals last year for reform of the UN to coincide with its 50th anniversary, Unctad - created in 1964 as the main UN forum for development issues - was sin-

gled out as a candidate for abolition.

Critics said its work duplicated that of the new World Trade Organisation and other bodies, and a damning UN audit described it as overstuffed, top-heavy and poorly coordinated.

Mr Ricupero, a respected former Brazilian finance minister and trade envoy, was brought in last September with a personal mandate from Mr Boutros Boutros Ghali, UN secretary general, to give Unctad a new lease of life.

Since then he has moved to tighten the body's focus on trade and development, strengthen links with the private sector and increase emphasis on practical help for developing countries in areas of trade, investment, transport, debt and commodities.

Last week, Mr Ricupero announced a sweeping shake-up, reducing the number of divisions from nine to four with a corresponding cut in the number of senior staff. This is on top of cuts of about 10 per cent in its 420-strong staff which Unctad, along with other UN bodies, is making in response to the UN's budget crisis.

In his restructuring efforts, Mr Ricupero has benefited from WTO governments' refusal to give the world trade body sufficient resources for research and policy analysis or to allow non-governmental entities a role in their deliberations. That has allowed Unctad to sell itself as an essential complement to the WTO, providing the intellectual ground-work and consensus-building needed for WTO negotiations and the technical expertise required to help developing countries take advantage of trading opportunities.

The two organisations are already working on some joint programmes involving help for poorer nations, especially in Africa. Unctad has also carved out a niche for itself in technical assistance based on computerised information systems, specially designed for developing countries.

Reversing Unctad's previous suspicion of multinationals, Mr Ricupero is reaching out to the private sector. To underline this, two private sector events are being organised in parallel with the Unctad conference, one on trade efficiency for South African business and the other for international companies interested in trade and investment in Africa.

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Unita drags its feet into peace camps

End to the Angola war is slow and unsure, writes Michela Wrong

Going across the rows of empty green tents at N'Tuoco, one of the new quartering sites in northern Angola meant to host rebel Unita fighters, a UN official acknowledged things were running behind schedule. "But then, everything in Angola takes three times longer than it is meant to. Why should the peace process be any different?"

Seventeen months after government and Unita representatives met in Lusaka to sign an agreement intended to spell the definitive end to two decades of civil war, Angola's peace process inches forward agonisingly.

The quartering of Unita troops, regarded as a barometer of the guerrilla movement's good faith, was meant to be completed by May last year. So far, fewer than 23,000 guerrillas have come forward and only four of 16 planned quartering camps are fully operational.

Four new sites remain deserted, a fact that prompted the government to announce this week that it was suspending participation in regular meetings with Unita until serious quartering began again.

In public, UN officials talk of starting to merge Unita and government forces in June and setting up a government of national unity by July. Privately, they admit the timetable is unrealistic and promise that restless guerrillas will spend no more than five months in camp are likely to prove empty.

At the core of the delays is mutual distrust, diluting the momentum generated by a ground-breaking summit in Gabon last month where President Jose Eduardo dos Santos and Unita leader Jonas Savimbi worked out details of the merger of their two armies.

Such suspicion is hardly surprising in a country whose first peace agreement was torpedoed in 1992 by Unita's refusal to accept Mr dos Santos's electoral victory. "The disappointment was so enormous last time, no one wants to be caught out again," said one diplomat.

While their representatives bicker over peace terms, both sides, diplomats say, are busy re-arming in case the process collapses again.

In the provincial town of Bailundo Mr Savimbi continues to ponder whether to accept the vice-presidency offered him by the government. As long as he wavers, Unita's commitment to

peace must remain in doubt. Some analysts say he is experiencing a genuine bout of "buyer's regret", suddenly aware that the time for talking is past and he must soon make the tricky move from a guerrilla leader who once controlled half the country to the head of a legitimate political opposition movement.

Others believe the prevarication is merely a game of brinkmanship, an attempt to elicit as many concessions as possible while he is still in a position to make demands.

Either way, the approach has won Unita some impressive gains: recently it was announced that 18 of the movement's 40 generals would be integrated into the merged army. The original offer was six. Unita is also to be given four ministries: commerce, health, tourism and - important in this mineral-rich country - mining.

Even more important, the two sides are quietly negotiat-

The UN is feeling impatient over the \$1m a day it is spending on what is now its biggest operation

ting an arrangement that would allow Unita to retain its stake in the Lundas, whose diamonds have funded the movement since it returned to the bush. Under the deal, companies set up by Unita would be granted concessions to mine the area legally.

Progress may seem slow and painful to the UN, chafing over the \$1m a day spent on what is now its biggest operation.

But the peace process, insiders believe, is bound to continue because, deprived of the backing of the US and the old white government of South Africa, Unita lost the war and now faces a bleak future as a marginalised guerrilla movement if it decides to pick up the gun again.

"The Lusaka agreement was not an armistice between two equal parties," says a diplomat. "It was a case of Unita cutting the best deal they could. The only way Unita can come to power in Angola now is via the political route. They know that better than anyone."

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NEWS: ASIA-PACIFIC

Tokyo releases currency reserves to aid neighbours

By William Dawkins in Tokyo
Japan yesterday agreed to make available some of its \$200bn (£133bn) foreign exchange reserves...

Moscow and Beijing resolve to form 'strategic partnership'
Yeltsin backs ties with China

By Tony Walker in Beijing
China and Russia warned the west yesterday against seeking domination of a post-Cold War world and resolved to form a 'strategic partnership'...

ASIA-PACIFIC NEWS DIGEST
Imran Khan launches party

Pakistan's former cricket hero Imran Khan (left) yesterday launched a political party to fight the corruption and injustice he says are rampant in the country...

Manila politicians set stage for poll

By Edward Luce in Manila
Leading Philippine senators yesterday moved to unseat the main opposition leader in Congress in what appeared to be an early move with an eye to the 1998 presidential elections...

Chan aims to defuse HK tension

By John Riddling in Hong Kong
Mrs Anson Chan, the head of Hong Kong's civil service, will today hold talks in Beijing aimed at defusing contentious issues about the territory's handover to China next year...

Cost of Japan nuclear plant rises

The cost of Japan's first private nuclear fuel reprocessing plant will reach ¥1,890bn (\$17.7bn), more than double the initial estimate, Japan Nuclear Fuel Limited said yesterday...

Thailand deficit leaps

Thailand's current account deficit in February jumped to nearly double the January figure, according to revised central bank figures published yesterday...

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India's election juggernaut starts rolling tomorrow
No party seems set for a mandate to rule, writes Mark Nicholson

India's 590 million voters go to the polls
The Congress party led by Mr P V Narasimha Rao has been the dominant force in Indian politics since 1984... The Janata Dal is a 'social justice' grouping which rests on support from lower castes... The BJP is the right-wing Hindu nationalist party that surged to prominence in the late 1990s...

Risk Management
May 16 1996 at the Le Meridien, Piccadilly, London
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NEWS: WORLD TRADE

WORLD TRADE NEWS DIGEST

Japan vehicle exports shrink

Japan's vehicle exports last fiscal year shrank to their lowest level in 20 years, as the strong yen forced Japanese makers to move more output overseas.

The 1995/96 export figure was just under the 3.82m vehicles exported in 1976/77, but above the 2.99m in 1975/76.

Most exporters were bullish about their own business prospects. Only in Singapore did fewer than half the respondents expect their overseas sales in the next year to be excellent.

The survey, by Gallup for DHL Worldwide Express, found exporters in India, Indonesia and Vietnam foresaw strong growth in Europe this year.

Indonesia and Thailand have signed an accord under which Thailand will buy two Indonesian-built CN-235 aircraft worth \$34m in exchange for Indonesia buying 110,000 tonnes of rice.

Indonesia and Thailand have signed an accord under which Thailand will buy two Indonesian-built CN-235 aircraft worth \$34m in exchange for Indonesia buying 110,000 tonnes of rice.

Kvaerner, the Norwegian engineering and shipbuilding group, and Phillips Holzmann of Germany, are joining forces to build a \$145m plant to make fully bleached pulp from recycled paper at Chateaufort, France.

The factory is to be operated by La Compagnie Greenfield of France. Kvaerner will supply process plant worth \$30m, Philip Holzmann, with Nord-France, its French subsidiary, will carry out construction.

Pepsi's \$550m drive to 'turn Russia blue'

By John Thornhill in Moscow

Pepsi-Cola is spearheading a \$550m investment drive to turn Russia "blue", at a time when many of its pro-communist voters appear to be rediscovering a taste for red.

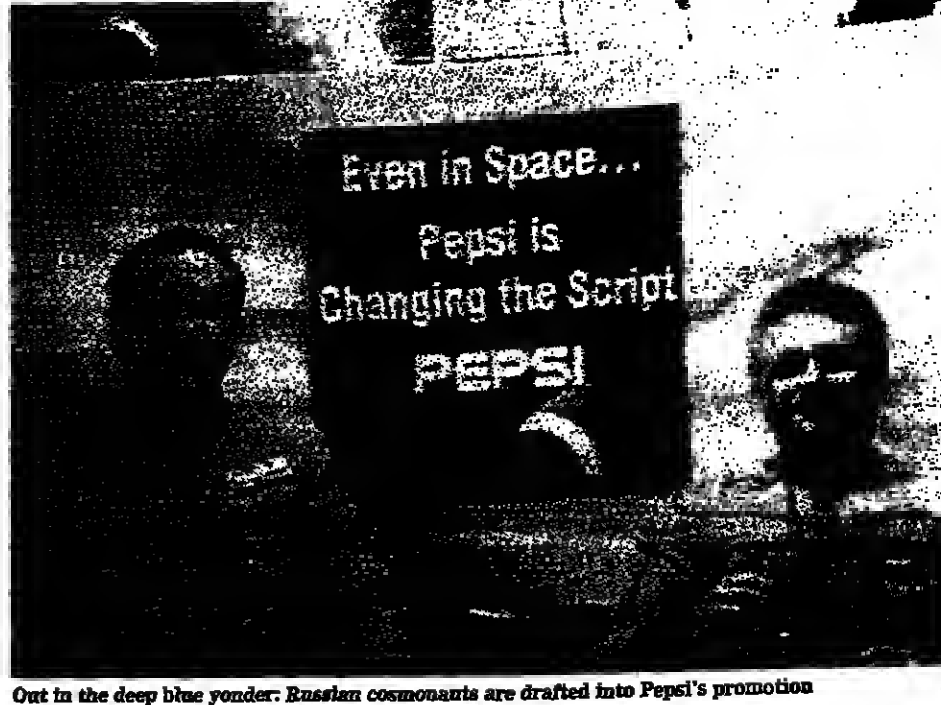
The US soft drinks company, which has just launched a radical global promotion and has recoloured its cans blue, yesterday brought all its marketing hoopla to Moscow after earlier stops in the UK and Thailand.

Russia is one of the few markets where Pepsi has enjoyed an edge over arch-rival Coca-Cola ever since 1969 when Nikita Khrushchev, the then Soviet premier, was photographed drinking Pepsi at an American trade exhibition in Moscow.

launch included a live link-up to the orbiting Mir space station where two cosmonauts endorsed Pepsi cola. "We have 100 per cent of the astronaut market," said Mr David Jones, president of Pepsi's central and eastern European division.

Some rivals questioned the wisdom of such a high-profile launch less than two months before the presidential elections in which a highly-nationalist Communist party is expected to do well.

Mr Gennady Zyuganov, the Communist party leader and presidential candidate, has constantly railed against foreign companies' insensitive advertising campaigns which make Russians feel strangers in their own homes.



Out in the deep blue yonder: Russian cosmonauts are drafted into Pepsi's promotion

India puts in offer to telecom talks

By Frances Williams in Geneva

India yesterday presented an offer to the World Trade Organisation talks on liberalising world telecommunications markets, in a move seen as reinforcing momentum for a deal by Tuesday's deadline.

ment in some EU states. Bargaining between the 50-plus countries involved in the talks is expected to continue through the weekend and into Monday as the US and other western nations try to squeeze the maximum possible concessions from each other and developing nations ahead of the deadline.

Colombia and Ivory Coast also put in offers yesterday, bringing the total to 33 (the 15-nation European Union counting as one) covering over nine-tenths of global telecom revenues of over \$500bn a year.

Through yesterday was officially the last day for offers, trade diplomats said Iceland and Cyprus were expected to table proposals ahead of a stocktaking meeting today of the WTO's telecoms negotiating group.

Trafalgar loses big Thai steel contract

By William Barnes in Bangkok

Trafalgar House, the UK construction and steel group, has lost a prestige \$300m contract to build Thailand's first integrated steel plant to the German group Mannesmann Demag.

The president of Thai Special Steel Industry Mr Anurat Konogorantin yesterday said: "We were squeezed by the price - and Mannesmann jumped in."

"I wouldn't blame Davy International - they fought very hard. They created good competition which got us a very good price," Mr Anurat said.

Mannesmann, which had been pursuing the contract months before Davy approached TSSI late last year, offered a hot metal capacity of at least 3.4m tonnes compared with Davy's capacity of 2.7m tonnes.

Mr Anurat said the UK company appeared to have difficulty sticking to its early estimates because subcontractors would not lower their prices sufficiently.

"Basically Mannesmann could take care of everything from the blast furnace to the steel mill," he said.

"Davy could supply the blast furnace but had to go elsewhere for the steel making equipment."

The project, with a total cost of \$1.1bn, will begin operations in 1998.

TSSI's parent - is shaping up to become one of the most formidable chemical and petrochemical companies in the region.

The toughness of the Leophatrana family which holds the most senior executive positions in the group caused no surprise in Bangkok.

US cool on idea for new world trade round

By Guy de Jonquieres, Business Editor, in Singapore

The US yesterday poured cold water on the idea that the World Trade Organisation should consider launching a new round of comprehensive trade negotiations, and said the group should focus mainly on work already in progress.

The US statement, delivered by Mr Jeffrey Lang, US deputy trade representative, appeared intended to rebuff a call by Sir

Leon Brittan, EU trade commissioner, for WTO ministers to commit themselves to a year to preparing for the start of a new round of trade talks before the end of the century.

enough work to be done right now in ensuring completion of the Uruguay Round negotiating and implementing agenda and ensuring the regime is properly managed."

of which will be held in Singapore in December, should act like a board of company directors, reviewing progress and setting medium-term objectives for the future.

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KPMG TBP Holdings Limited West Bromwich Patterns & Mouldings Limited (in administrative receivership) The Joint Administrative Receivers offer for sale the business and assets of TBP Holdings Limited and West Bromwich Patterns and Mouldings Limited located in the West Midlands.

Japan, Indonesia to meet over Jakarta's car policy

By Michio Nakamoto in Tokyo

Japan's trade authorities will meet their counterparts from Indonesia today and tomorrow to discuss Jakarta's car production policy.

The Indonesian government has come under mounting criticism over its national car project, which its main trading partners say discriminates against foreign car makers.

"Both sides will explain their positions and exchange opinions," Mr Tomio Tsutsumi, vice-minister of Japan's Ministry of International Trade and Industry, said yesterday.

The Japanese government had earlier expressed its concern that the project did not conform to international trade rules.

David Snyder, president of Ford's Thailand Regional Office, was quoted as saying, "The Indonesian plan for a national car, announced late in February, calls for preferential tax treatment for vehicle makers meeting local content and other requirements."

Specifically, vehicle makers that have 100 per cent local capital and meet local content rules would be exempt from import duties on components and from a luxury sales tax. The requirements are thought to breach the WTO's trade-related investment measures agreement.

The only company meeting the requirements is PT Timor Putra Nasional, controlled by President Suharto's youngest son, which has a technical tie-up with Kia Motors of South Korea.

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LEGAL NOTICES LONDON SUPERSTORES LIMITED (Registered Number 133 83491) NOTICE is hereby given in accordance with Section 173 of the Companies Act 1985 that as an Extraordinary General Meeting of the above named company ("the Company") convened and held on the 25th April 1996 a Special Resolution was passed approving a payment out of capital for the purpose of the redemption of 72,667 Preference Shares of £1 each.

Critics of sanctions say the US is shooting itself in the foot

Nancy Dunne and Afshin Molavi on 'emotional reactions'

American Express, the US credit card company, has fired a shot against companies which do business in Cuba, even before congressionally-sponsored sanctions against them are implemented by the US government.

Two Dutch commodities trading companies, Cures Metal Processing and Niref, have received letters from American Express cancelling their corporate credit cards.

This, the letters said, was because the companies' names surfaced on the US Treasury's "Specially Designated Nationals" list, a roster of companies with which American companies have been prohibited from doing business.

The two companies have been on the list since 1989, according to the US Treasury. American Express, which in the letter thanked them for "many years of co-operation", said it had just been discovered that the companies were on the list, which was introduced in the 1980s.

A bill similar to the latest Cuba legislation, imposing

sanctions on companies doing business with the oil sectors of Libya and Iran, is expected to pass into law soon.

Such moves have angered international companies and US trade partners. And there is more to come, prompting critics to say that the Republicans, instead of getting off the backs of business, as they promised voters, are getting increasingly entangled in the business of business, both at home and abroad.

Legislation is also moving through Congress which would prohibit new investment in Burma until the military junta transfer powers to a popularly elected government. And President Bill Clinton is considering the imposition of sanctions on Pakistan for allegedly acquiring nuclear technology from China and on China for providing it.

"In this Congress there is a certain scepticism about the efficacy of government power generally," said Mr Ted Carpenter of the conservative Cato Institute. Although most analysts long ago concluded that

unilateral sanctions were ineffective, the proliferation of sanctions was "an emotional reaction" to abuses committed by repressive governments.

"This is unfortunately a policy that re-occurs whenever there is a highly publicised incident of repression in the world, as in Cuba's shooting down of unarmed aircraft and Iran's continued support of terrorists," Mr Carpenter said.

In addition to hurting US allies, a series of trade sanctions on foreign countries have rebounded on US business. A recent ban on US Export-Import Bank financing of sales to Colombia because of that country's poor drug enforcement record could cost US business up to \$600m in lost sales, which Eximbank had been expected to approve.

US business leaders are particularly concerned about congressional pressure for imposition of new trade sanctions on China as a result of Beijing's sale of nuclear technology to Pakistan and Iran and its failure to abide by a bilateral pact on intellectual property rights. Indeed, former US President

George Bush urged Senate Majority leader Mr Bob Dole last week to restrain his Republican colleagues from their perceived intentions to move against China.

Sanctions have already been imposed on China. These include the suspension of weapons sales, denial of licences for dual use technology, and a ban on financing from the US Trade and Development Agency, an aid agency that helps business, and from the Overseas Private Investment Corporation, which provides insurance for US foreign investors.

"Sanctions are the bane of exporters existence," says Mr Howard Lewis of the National Association of Manufacturers. "Congress is tossing trade and US jobs out the window for sanctions that rarely achieve their aims."

"Every 10 years or so, we in the US go through this sanctions phase," Mr Lewis said, "and shortly after this phase, we realise what a disaster we've caused. Every 10 years we have to re-learn the same lessons."

مكتبة من الأصل

Government finances plunged into turmoil

Financial Times Reporters

The government's finances were thrown into confusion last night after a surprise Court of Appeal ruling appeared to pave the way for retailers to reclaim billions of pounds of value added tax wrongly paid on interest-free finance deals.

The judgment threatened fresh embarrassment for the Treasury. Unless overruled by a higher court, it will knock another hole in the government's finances and reduce the chancellor's ability to deliver pre-election tax cuts in this autumn's Budget.

However, Whitehall officials played down suggestions by some VAT experts that the bill could reach £5bn (£7.5bn) saying such estimates were "wildly exaggerated". Customs and Excise said it would "vigorously contest" the judgment in the House of Lords. The Treasury said it would probably announce how much money was involved shortly.

The judgment, by a two to

one majority, overturned earlier court rulings upholding Customs and Excise rules that retailers should account for VAT on the full price paid for goods by customers. It backed claims that VAT should only be paid on the amount retailers actually received from finance houses underwriting interest-free deals.

In effect, that means the undisclosed cost of interest-free credit deals should be exempt from VAT.

The case was brought by Primback, a subsidiary of Kingsway Furniture Group which will now be repaid £2.7bn in VAT. If upheld in higher courts, many other retailers would be able to reclaim VAT paid on interest-free credit deals dating back to 1978 when the tax was introduced. Customs said it would not pay any further refunds until the case has been heard in the Lords, which may not be for a year.

Mr Peter Jenkins, VAT partner at accountancy firm, Ernst & Young, said: "This is a mas-

sive loss for Customs." He pointed out that the ruling had been based on European law which reduced the chances of an appeal to the House of Lords succeeding.

Mr Ian Barlow, head of tax at KPMG, said the ruling could have wider implications "in situations where a supplier or retailer receives less for his goods than the face value".

Retailers hailed the ruling as a "just" victory, saying it could lead to lower prices for goods covered by interest-free deals. Mr Allan Sayers, chief executive of the British Shops and Stores Association which represents 3,000 retailers, said: "From our members' point of view, this is very good news...Retailers have long felt it was an unwarranted decision by Customs and Excise which did not reflect the facts of the case."

Interest-free credit had become an important promotion tool over recent years for retailers selling big-ticket items such as furniture, kitchens and electrical goods.

Transport review gives priority to public networks

By Charles Batchelor, Transport Correspondent

The car will no longer dominate transport planning in the UK, the government said in a consultation paper published yesterday. In future greater priority will be given to public transport and to other environmentally friendly means of moving around such as cycling and walking.

The consultation paper, the first to review transport policy for 20 years, makes no commitment to increase spending on public transport but it outlines a range of measures intended to shift the balance away from the car and the lorry.

However, the government's failure to propose more far-reaching solutions to the problems of traffic growth earned it criticism from business groups, motoring organisations, environmentalists and the opposition parties alike.

The consultation paper is the culmination of an 18-month public debate of transport issues and also represents the government's response to the 1994 report by the royal commission on environmental pollution. It does not support the call for transport targets or for restraints on car use.

The paper's conclusions confirm a shift in government thinking which first became apparent when roads spending was slashed in last November's Budget. The Department of Transport cut one third of the

£12bn (\$18.1bn) roadbuilding programme over the next 12 years and axed 77 individual road schemes.

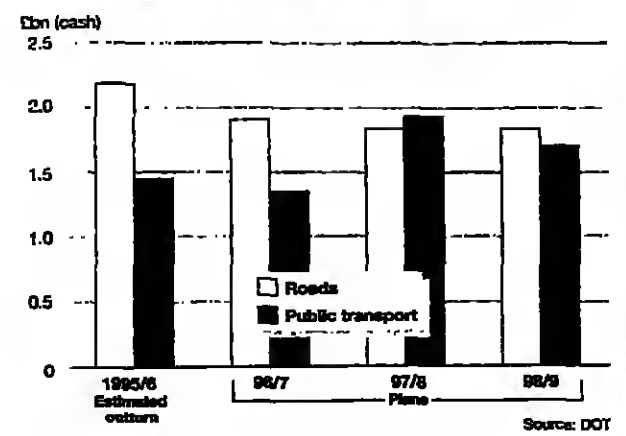
Specific measures proposed include:

- Considering public transport alternatives and the scope for better traffic management on existing roads in preference to road widening or new roads building. Local interests would be involved at an earlier stage in the decision-making process.
- Giving local authorities the leading role in devising integrated traffic plans for their areas. The government is willing to consider legislation to allow local authorities to introduce experimental schemes to charge motorists for using local roads, either through electronic tolls or by issuing permits. It is also prepared to discuss ideas for levying a tax on car parking spaces at business premises.
- Promoting increased bus use. Local authorities will be encouraged to introduce bus priority measures.
- Reducing the volumes of road freight by encouraging the use of rail and water-borne transport.

The report gives no hint about how these measures are to be financed though it does place emphasis on the private finance initiative and the privatisation of the railway network as contributing additional funds.

Transport: The Way Forward. HMSO, £15.70.

Government expenditure on transport



PowerGen may pull out of power stations sale

By Patrick Harverson and David Wighton

PowerGen may pull out of its £450m (\$680m) deal to sell two power stations to Eastern Electricity in the wake of the government's decision on Wednesday to block the generator's takeover of a regional electricity company.

However, National Power, which also saw its attempt to buy a rec thwarted by Mr Ian Lang, the trade and industry secretary, said its separate £1.7bn deal to sell power stations to Eastern was still on.

Both National Power and PowerGen had been obliged to sell some of their generating capacity by Professor Stephen Littlechild, the industry regulator. He had warned them that he might refer the generators' large share of the UK market to the Monopolies and Mergers Commission if the disposals were not made.

But yesterday PowerGen revealed that a clause in its contract with Eastern allowed it to withdraw from the sale if its own plans to buy Midlands Electricity, the regional supplier, were blocked.

Eastern said the deal had been a requirement of the regulator and would enhance competition in the industry. Mr John Devaney, executive chairman, said the company saw no reason why the transaction should not go ahead as planned.

However, analysts said they believed PowerGen would probably withdraw from the deal. They noted that the sale was going to cost shareholders money because it would have reduced profits in the first year.

The doubts over the Eastern deals arose yesterday as confusion continued in the electricity industry and the City over the government's competition

Seven more rail franchises offered

By Charles Batchelor

Seven more passenger rail franchises, including those covering the entire Scottish network and an 14km line on the Isle of Wight, were offered for sale yesterday by Mr Roger Salmon, the franchising director.

This brings the total of franchises sold or on offer to 20 out of a total of 25 and means that 80 per cent of the rail network in terms of passenger revenues has been privatised or is on the market.

The government was forced to abandon its original target of selling off more than half of the network by the end of this month but now appears set to complete most of the sales before the next general election, in May 1997, at the latest.

The franchises put on sale yesterday were CrossCountry, Great Eastern, Merseyrail, Thameslink, West Anglia, Great Northern, ScotRail and Island Line. Prospective bidders have until May 24 to register an interest.

Bids are expected from many of the management teams and from some of the large companies which have won previous franchises including the bus groups Stagecoach and FirstBus, the National Express coach operator, Sea Containers and GEA, the French transport company.

But, while the franchising programme is speeding up, a challenge from the Save our Railways group, which is opposed to privatisation, is due to come before the High Court today. Save our Railways is seeking leave for a judicial review of the franchising director's refusal to allow British Rail to compete for franchises.

Mr Salmon said he would not allow BR to bid for early franchises because it could cross-subsidise lines and put in unfairly low offers. It would also deter BR managers from attempting buy-outs. But Save our Railways said that BR had been allowed to bid for the first six franchises it would have won four and reduced the subsidy required by £20m (\$30.3m).

Mr Lang's decision on Wednesday to block the takeover of two recs, Southern Electricity and Midlands Electricity, because they would harm competition shocked industry observers. He had been expected to approve the bids.

Meanwhile, hints by the government on Wednesday that it could exercise its "golden share" to block a bid by foreign companies for a UK generator were widely dismissed as an empty threat at Westminster.

The hints were aimed specifically at Southern Company, the Atlanta-based utility which last week expressed an interest in acquiring National Power. In theory, the government can use its golden shares in a former nationalised company to prohibit anyone from holding more than 15 per cent, but it has rarely used the power.

SIEMENS

Information for Siemens shareholders

Success in growth markets

In the first six months of fiscal 1996, expansive business in international markets more than compensated for weaker trends in Germany. Growth targets for the full year were confirmed. Orders rose 5%, sales climbed 6%, and net income was up 15%.

Orders

In the six-month period, Siemens posted new orders of DM48.6 billion worldwide, compared with DM46.1 billion last year. The 8% increase in international orders to DM29.8 (1995: DM27.5) billion was largely attributable to expansive development in Asia-Pacific's electrical markets and stronger business in North and South America. Whereas only light growth was achieved in Western Europe, orders soared more than 25% in Asia-Pacific and nearly 15% in the Americas. The order level in Eastern Europe and the C.I.S. was also well above average. In Germany, however, orders edged up only 1% to DM18.8 (1995: DM18.6) billion, compared with last year's figure which was boosted by a number of major projects.

1/10/94 to 31/3/95	1/10/95 to 31/3/96	Change
46.1	48.6	+ 5%
18.6	18.8	+ 1%
27.5	29.8	+ 8%

Sales

Worldwide sales rose 6% to DM42.3 (1995: DM40.0) billion. This growth was also primarily due to a 14% surge in international business to DM25.4 (1995: DM22.3) billion. Sales in Germany were DM16.9 (1995: DM17.7) billion, a 5% decline against last year's high level bolstered by major projects. Asia-Pacific and Eastern Europe/C.I.S. also showed the most vigorous sales growth, up more than 20% and nearly 45%, respectively.

1/10/94 to 31/3/95	1/10/95 to 31/3/96	Change
40.0	42.3	+ 6%
17.7	16.9	- 5%
22.3	25.4	+ 14%

Business segments

The communications and components segments showed high, in part double-digit, growth in orders. The Public Communication Networks Group profited in particular from the accelerated digitization of Germany's telephone network. In the Private Communication Systems Group (PN), business in terminals and particularly mobile phones, as well as applications and networks, was especially dynamic. The components segment, particularly the Semiconductors Group (HL), was able to sustain business at a high level although growth flattened out somewhat. In contrast, the industry segment experienced slackened demand in the European capital goods industry compared with the previous year. The Power Generation Group (KWU) posted a healthy jump in international orders, bolstered by a number of large fossil-fuel power plant projects. Although both the Transportation Systems (VT) and Automotive Systems Groups showed double-digit growth in their international business, this increase could not quite offset the decline in VT's domestic volume. Siemens Nixdorf Informationssysteme AG (SNI) showed steady growth in the international sector, and its PC business remained the unit's growth driver in the first six months. Cost-saving reforms in the public health sector led to a drop in domestic orders for the Medical Systems Group.

30/9/95	31/3/96	Change
373	381	+ 2%
211	211	0%
162	170	+ 5%

Employees

At 31 March 1996, Siemens had 381,000 employees worldwide, approximately 8,000 or 2% more than at the close of the last fiscal year. This increase was largely due to the first-time consolidation of new companies outside Germany, primarily in the Asia-Pacific region and Eastern Europe. The number of employees in Germany remained unchanged at 211,000. Whereas continuing structural adjustments in some operating units precipitated further downsizing, solid business trends in other groups, above all HL and PN, led to new jobs.

1/10/94 to 31/3/95	1/10/95 to 31/3/96	Change
3.7	3.4	- 9%
939	1083	+ 15%

Capital spending and net income

Capital spending in the first half year dipped slightly to DM3.4 (1995: DM3.7) billion as a result of reduced spending on acquisitions. Further expansion of production capacity in the semiconductors field boosted investment in property, plant and equipment.

Net income after taxes rose 15% to DM1.083 billion from DM939 million last year, helped in large part by declining restructuring costs and more favorable currency parities. As in the previous year, the Semiconductors Group posted the strongest earnings.

Note: In accordance with German legal requirements, the information contained in this Interim Report has not been audited. Copies of the Interim Report are available from S.B.C. Warburg, exec: Mr C. Ward, 2 Finsbury Avenue, London EC2M 2PP on request.

Siemens AG, Berlin and Munich

سكدا من الأصل

NEWS: UK

British Energy doubts grow

By Patrick Harverson, in London

City estimates of the value of British Energy could be significantly overstated, according to projections for wholesale electricity prices in the Monopolies and Mergers Commission's report on the industry.

The nuclear power company is due to be floated on the stock market this summer. But analysts said that price forecasts in the commission's report made by the two generating companies National Power and PowerGen - which together set wholesale electricity prices - cast serious doubts over whether the government would be able to meet its target of raising about £2.6bn (\$3.92bn) from British Energy's privatisation.

In the report, released on Tuesday by Mr Ian Lang, the UK trade and industry secretary, National Power and PowerGen predict that electricity "pool", or wholesale, prices will fall steadily over the next four years. National Power, the

Prospects for raising \$3.92bn from the company's privatisation may have been over-optimistic

largest UK generator, forecasts that prices could fall from their present level of 2.4p per kilowatt hour to under 2p per kWh by 2001.

When Barclays de Zoete Wedd, the investment bank hired by the UK government to lead the flotation, placed a value of between £2.4bn and £2.8bn on British Energy earlier this year, it assumed that over the next four years pool prices would not fall below 2.4p per kWh.

One City analyst calculated yesterday that every decline in pool prices of 0.1p would reduce British Energy's value by £250m, and even BZW has accepted that a fall in the pool price to 2p would wipe £750m off the company's value. In its report on British Energy's valuation, the bank described a fall in the pool price as "the

greatest threat to shareholder value."

Analysts said it was wrong to assume pool prices would not fall in the next few years. They said prices were likely to come under pressure from competition within the industry and low gas prices. One analyst said: "These forecasts raise question marks about selling a new issue with a central case of no fall in pool prices when both National Power and PowerGen are forecasting a fall in prices by 2001."

Although industry experts pointed out that National Power's warning that pool prices could fall to under 2p per kWh by 2000 was its "low-case scenario", they accepted prices could fall below current levels. "2p is a credible low-case scenario on the assumption there

is competition in generation," said an industry consultant.

Mr Steve Thomas, senior fellow at the Science Policy Research Unit at the University of Sussex, agreed prices could fall as low as 3p per kWh, but said it was unlikely they would stay there for long. He also warned that it was in National Power's interest to make a pessimistic forecast of pool prices to convince the government that competition would affect its profitability.

However, he said investors had every right to be worried about the valuation of British Energy. "They have made bizarrely high estimates of how their nuclear plants are going to work and I can't see any justification for that."

A stockbroker's analyst agreed that the performance estimates looked too optimistic. "It's common sense that if you're selling something to assume some improvement in performance, but it's implausible to sell something at the absolute maximum performance possible."

Exchange delays trading change

By George Graham, Banking Correspondent

The London Stock Exchange agreed yesterday to delay issuing detailed plans for its proposed electronic trading system by a few weeks to allow more time to clear the new system's rules with regulators.

Although the plans will now not be issued for consultation until June, Exchange officials insisted yesterday that the

final trading framework would still be ready by August, as originally planned.

Member companies told the exchange after a first round of consultation earlier this year that they would need at least nine months after the completion of the plans to make their own preparations.

That would mean the new method would not be likely to start up before May 1997, although Sequence 6, the elec-

tronic system to handle it, will be ready in August this year.

In the new system, orders will be entered on a central electronic order book and automatically executed when buyers and sellers match. Currently market-makers quote prices on a central stock exchange screen, but deals are struck separately over the telephone, after negotiation.

Some exchange officials have been nervous that allowing a

delay in the consultation process would be perceived as a concession to market-makers, who were originally opposed to order-driven trading.

But the board agreed with a ten member steering committee, most of whose members represent market-makers, that more time was needed for talks with the Treasury, the Securities and Investments Board and the Securities and Futures Authority.

Setback for police over Euro 96

By Jimmy Burns in London

DUTCH and German police have told their British counterparts that they will not provide lists of suspect troublemakers in the run up to Euro 96, the soccer championships which England will host in June, because this would be in breach of national data protection laws.

The move may undermine UK efforts to ensure a trouble-free championship in spite of the progress that has been made in a Europe-wide policing effort to prevent rioting.

UK police fears that violent Dutch and German fans may provide a focus of tension during the championship have been fuelled by Wednesday night's riot in Rotterdam during a "friendly" international between Holland and Germany. It emerged last night that the riot was seen by a team of UK police officers who had gone there as observers.

Intelligence reports within Europe suggest that in recent months there have been meetings involving extreme-right groups that might try infiltrate the championships.

In spite of differences on detail, European police and ministry of the interior officials meeting in London yesterday agreed to provide UK police with numerical information on travel and hotel bookings so that clusters of fans can be identified.

Ticket purchasers on the European mainland are also being warned about the banned use in UK stadiums of items popular on the Continent, including flares, fireworks and large banners.

According to UK police estimates, about 300,000 non-UK subjects plan to come to England for the biggest sports event staged in the country since the 1966 World Cup.

One of the largest groups of overseas visitors this summer is thought to be coming from Spain. However, Spanish police have told their UK counterparts that they do not foresee any trouble from their fans.

Weaker than expected growth data disappoints City

By Graham Bowley, Economics Staff

Expectations that Britain is poised to enjoy strong consumer-led growth this year received another boost yesterday after figures showed spending in town centres rose again last month although by less than the City of London analysts expected.

The figures provided a starker picture of town centre activity than recent upbeat surveys suggested. But they still illustrated the widening gap between the consumer side of the economy, which appears to be gathering strength, and Britain's industrial sector, which seems to be stagnating.

Mr Kenneth Clarke, the chancellor of the exchequer, has predicted that strong consumer spending growth will provide the core of wider economic growth this year.

The Office for National Statistics said retail sales volumes grew by a seasonally adjusted 0.2 per cent between February and March and were 2.2 per

cent higher than the same month a year earlier.

Sales in the three months to March considered a better measure of the trend - were 2.1 per cent higher than the same period a year earlier, the biggest rise since February 1995. Mr Jonathan Loyne, UK economist at HSBC Markets, said: "This is further confirmation that consumers are returning to the high street, and we expect sales to

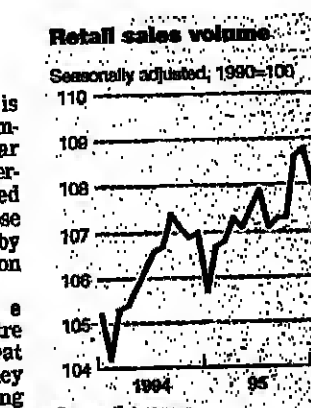
accelerate in the months ahead."

The figures disappointed the City after recent consumer surveys suggested activity in town centres had been very buoyant last month. But the ONS revised upwards its February sales figure which meant the growth between February and March appeared smaller, while the ONS also adjusted for the busy Easter period.

Unadjusted data showed sales values in March were 7.1 per cent higher than the same month a year earlier, the biggest rise for five years and in line with the survey evidence.

Non-food retailers enjoyed the most robust growth in March, with sales of clothing, footwear and household goods rising strongly.

Economists said the weaker than expected sales figures, along with the worsening plight of British manufacturing, meant the government might still have scope to cut interest rates again to stimulate growth without risking inflation.



Independent schools raise fees as boarding declines

By John Authers

The number of boarders at UK independent schools fell for the sixth year running while fees rose by more than the rate of inflation, according to the Independent Schools Information Service (ISIS).

Schools warmly welcomed the first increase for six years in the total number of pupils, which rose by 0.63 per cent when day pupils were included, saying this was a sign the recession was ending.

But the signs of serious pressure on boarding continued.

Total numbers of boarders fell by 3.5 per cent, following cuts in each of the last five years, and in spite of the number of pupils from outside the UK in independent schools rising by 0.3 per cent to a new high.

ISIS estimates that there are 20,000 students from outside the UK at British boarding schools, out of a boarding population of 71,403, and many schools concentrate their marketing efforts on this sector.

They have also expanded from their traditional markets

in the Far East, with a 24.9 per cent increase in recruits from mainland Europe. However, Hong Kong remained by far the single biggest export country, with 1,797 new pupils joining British schools, an increase of 10.9 per cent from last year.

School fees rose by 4.8 per cent, continuing the record of rising by more than the rate of retail price inflation every year for the past decade. Fees increased slightly more than last year, although these levels remain well below those of the 1980s, when double-figure rises were the norm.

UK NEWS DIGEST

BaE shareholder reforms modified

British Aerospace, the defence company, has agreed to alter several of its controversial proposals for reforming how shareholders vote at its annual meeting. Following pressure from holders, the corporate governance consultancy, the company has agreed to five separate alterations to its original proposals.

BaE still wants shareholders to approve to publish any votes on a show of hands but has agreed to publish any substantial shareholder amendments to its resolutions ahead of the annual meeting. Shareholders will also be able to propose minor and technical amendments at the company's annual meeting. Earlier this week BaE disclosed that it had agreed to restate an annual vote for shareholders on its annual report and accounts.

The company has also agreed to consult with Pirc on the appropriateness of a large increase in directors' fees. It has also undertaken to restate a limit on directors' fees when next revising its rules.

British Aerospace has a history of turbulent annual meetings which last year culminated in three people being forcibly ejected. One member of a group of arms trade protesters was dragged from the hall by security guards after he complained to Mr Bob Bauman, the chairman, that he was being subjected to racial abuse. The shareholder who made the alleged remarks was politely moved to another part of the hall. The Campaign Against the Arms Trade, which mustered 100 supporters at last year's meeting, is planning another protest on May 1.

Financial Times Reporters May 1

NatWest fined for poor controls
National Westminster Bank, the UK clearing bank, has been fined £75,000 (£13,000) by Inro, the fund management industry regulator, for poor administration of its clients' personal equity plans.

Inro announced yesterday that NatWest had failed to carry out adequate reconciliations and in so doing had broken three of its rules. NatWest accepted Inro's charges as part of the settlement of the disciplinary proceedings and agreed to pay additional costs of £45,000. According to Inro, NatWest failed to correct discrepancies between the positions clients had ordered for their Peps and the shares the bank had bought on their behalf. NatWest said it was improving training and computer systems as a counter measure.

Recently the The Securities and Futures Authority expelled from its registers Mr Geoffrey Glazebrook, the former head of European equities marketmaking at NatWest Securities, for overvaluing trading positions in order to conceal losses.

Nicholas Denton, London

Euro-sceptic actions attacked
Mr Kenneth Clarke, the chancellor of the exchequer, yesterday pilloried the financier Sir James Goldsmith and his supporters amid growing complaints from backbenchers in the governing Conservative party that more should be done to counter the threat posed by his referendum party.

Mr Clarke said some MPs were working to secure Britain's outright withdrawal from the European Union while pretending merely to seek reforms of its institutions. Mr Clarke's remarks were seen at Westminster as a thinly veiled attack on Mr John Redwood, the former Welsh secretary and challenger to the Conservative leadership, who on Wednesday led a high-profile meeting with Sir James.

Mr Clarke, who last month threatened to resign in an attempt to stop the cabinet from backing a referendum on UK participation in a single currency, expressed indignation at the string of newspaper endorsements for Sir James. About 30 Euro-sceptic backbenchers met the chief whip, Mr Alastair Goodlad, on Wednesday night to express their concern at the government's EU policy and handling of the beef crisis.

A former cabinet minister said the government faced the choice between seeing a section of Tory voters transferring allegiance to the referendum party at the general election or opting for a broader referendum question - a move that pro-Europeans warn would tear the party apart.

John Kampfner, Chief Political Correspondent

Capital's taxi fares set to rise
Taxi fares in London are to rise by an above-inflation 4.99 per cent on Saturday, Mr Steven Norris, the transport minister, announced last night.

The new tariff will incorporate a minimum charge of £1.40 (£2.11 - including a hire charge of £1 - for the first 513 metres or 111 seconds, Mr Norris said in a Commons written reply. The charge for each additional passenger will be 40p.

George Parker, Political Staff

CONTRACTS & TENDERS

ARGENTINE REPUBLIC
MINISTRY OF TREASURY AND PUBLIC WORKS AND SERVICES
AGREEMENT BETWEEN NATIONAL STATE AND PROVINCES OF ENTRE RIOS AND SANTA FE
PUBLIC WORKS DEPARTMENT OF THE ARGENTINE REPUBLIC

NATIONAL AND INTERNATIONAL PUBLIC BID
PHYSICAL CONNECTION ROSARIO - VICTORIA
PRECLASSIFICATION OF COMPANIES

The Ministry of Treasury and Public Works and Services of the Argentine Republic invites the interested parties to take part in the preclassification of Companies for the NATIONAL AND INTERNATIONAL BID for the Concession of: Project, Setting-up, Maintenance and Exploitation of the Physical Connection between the cities of ROSARIO (Prov. of Santa Fe) and VICTORIA (Prov. of Entre Rios). This connection relative to public roads, about 58 Km. long, includes a principal bridge with a minimum opening for navigation of 45 m height and 330 m width, with their corresponding access viaducts of 2,950 m over the principal course of the "Rio Paraná" and a group of embankments and bridges within the area of islands that include the flood valley of the "Rio Paraná".

Preclassification process chronogram will be adjusted to the following dates:
1) Documents to be submitted for Preclassification: period including 22/4/96 and 7/5/96.
2) Applicants' final listing: period including 8/5/96 and 29/5/96.

Preclassification process will be developed in the office corresponding to the "Banco de Información", situated at the Public Works Department of the Argentine Republic - Hipólito Yrigoyen Nº 250, 11 floor, Office 1136 - C.P. 1310 - Buenos Aires - Argentina, from 10.00 to 18.00 p.m. Telephones: (541) 349-7518/7513/7519.

NOTE: It is hereby established that preclassified companies only, will be able to take part in the remaining stages of this process.
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ARTS

Faithful to Fidelio

David Murray reviews Graham Vick's new production for English National Opera

Beethoven's Fidelio lends itself to various readings; nowadays mostly "political", in the sense of pinning the composer's social-democratic sympathies...

Paul Brown's set consists of a huge wooden cross, spreadeagled across the stage. Everything takes place on and around it - and sometimes under it...

The costumes are modernised only to the extent of the prison wardens' uniforms. Vick disdains any fashionable suggestion that there is some horrid Fascist regime in place...

As Leonora in her male disguise, Kathryn Harries cuts a memorably appealing figure, tall and slim with a boyish haircut that makes her somehow resemble the FBI special agent of Twin Peaks...

Her benighted Florestan is Anthony Rolfe Johnson. The effort of raising his cultivated tenor to near-hercic status involves some coarsening of tone...

Gwynne Howell sings a solid, paternal Rocco, as usual, and Mary Plazas is entirely delightful, fresh-voiced and musical, as his daughter Marzelline...

Peter Sidhom's villainous Pizarro is full of bluff menace, though his kind of baritone is not what the role needs. In quick music he blusters, where nothing less than a hard, laser-focus voice will really do...

The conductor Richard Hickox is careful and judicious with the score, but unexciting. The orchestra should lead tremendous drama to the climactic dungeon-scene: here, it merely accompanies it...

All in all, this is already a distinguished Fidelio, which means that it is eminently worth hearing, and I expect that it will develop nobly from performance to performance.

Production supported by the Woodward Charitable Trust, in repertory at the Coliseum until June 6.



Kathryn Harries: her warm, dusky voice suits the role of Leonora excellently

Alastair Macaulay

Theatre/Ian Shuttleworth

A futuristic Divine Right

Arts and media scheduling is becoming something of an art in itself. St. George's Day saw not only the transmission of the first part of ITV's family documentary Edward on Edward...

Like Whelan's last theatre work, The School of Night, this is a play of ideas which sometimes poke out like bones through the skin in a nasty fracture: the politics and the prince get set-piece speeches...

At Birmingham Repertory theatre until May 11 (0121 2361465).

Theatre/Alastair Macaulay

Cast into mysterious irony



Miranda Richardson as Judy

Alastair Macaulay

Bit by bit, Wallace Shawn's strange new play The Designated Mourner assembles itself, mysteriously and ironically, in the mind as we follow its meandering course...

After the play ends, it goes on talking shape in the mind and it would be difficult, writing in the hour after its premiere performance, to announce calmly what it is about.

Much the most striking immediate impression is made by its dramatic style. The three characters of the first and longer part of the play, all sitting at one long table and facing us, address the audience and/or the air in front of them...

In particular, Jack (Mike Nichols) speaks of Howard (David de Keyser) and of Judy (Miranda Richardson), and he speaks of them in the past tense...

Jack's mind, which reveals itself ever more oddly to us, is at the centre of the play. It is a divided mind, compulsively disloyal, incapable of Howard's sheer mental authority...

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Parody of the Fall

Heinrich von Kleist's 1806 play was staged by Northern Broadsides last year as a rumbustious Yorkshire set-to, under the title The Cracked Pot...

The playwright David Hare directs this complex/simple play (nobody ever rises from sitting save to leave the stage) and the American director/producer Mike Nichols returns to the stage to play Jack...

But the play is by no means solely psychological, for the characters (all Americans) talk of their lives amid a time of violence, with thousands of people being shot...

Part of the pleasures in following The Designated Mourner lies in the play's mystery, in the way that it very surely shows itself to be a work of art whose suggestions do not at all disclose themselves at once...

At Riverside Studios, London W6. From May 12 (0181-741-2251)

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COMMENT & ANALYSIS



Philip Stephens

Bogus battleground

With the UK now not certain to meet the budgetary criteria for a single currency, both Tories and Labour are boxed in

We can be sure of one thing. The debate over taxation and spending which precedes the next general election in Britain will be as phoney and fraudulent as the one which dominated the last. The public finances are in a mess. It looks doubtful now that Britain will qualify to join a single currency. But the Conservatives will promise a costless revitalisation of public services. The pledges will be based on an economic analysis as robust as my guess of the winning numbers in this week's National Lottery.

I am not talking here about the odd dubious statistic. Rather a halfhearted massaged forecast and shameless assumptions. Over the next few years, the reality of economic circumstance will once again collide brutally with the proclaimed ambitions of John Major and Tony Blair. There is no pot of gold. That will not inhibit either man from telling the voters how they intend to spend it.

This is not a case of the cynical commentator taking easy shots at lame politicians. Just recall for a moment the ground on which the 1992 election was fought. Then consider what has happened.

In the Budget which launched the Conservative campaign, Norman Lamont introduced a 20p band of income tax. During subsequent weeks Mr Major pledged that, year-by-year, he would progress towards turning the new band into the basic rate. This, of course, was predicated on a doctored Treasury forecast of government borrowing. Mr Lamont assured us that, after a temporary blip as a result of the recession, the public sector borrowing requirement would begin a sustained glide towards balance. To be precise, by 1996-97, the current financial year, the PSBR would be a piffling \$bn. That, remember, after tax cuts year-by-year. And the reality? Instead of lower taxes there have been

the largest increases in peace-time. Some £16bn. But the Treasury still expects borrowing this year to be more than four times higher than its projection in 1992. In other words, its original, reassuring, forecast was out by a factor of six or seven. As a now-departed American congressman used to say, figures can't lie but liars can certainly figure.

Labour, though, should not be let off the hook. Folklore has it that the definitive moment of the 1992 campaign was the late John Smith's "shadow Budget". This purported to show that higher child benefit and state pensions could be financed with only minimal increases in taxes. The truth is that Mr Smith's flimsy arithmetic merely exposed the damage already done by a mountain of public spending pledges. If Labour had won, it too would have betrayed its manifesto.

All this leaves us in 1996 with politics and economics on their familiar collision course. The economic case for tax cuts before the election has vanished. The PSBR is shrinking far less rapidly than the Treasury predicted even a few months ago.

Last year's deficit amounted to 4.5 per cent of national income. On the agreed definition in the Maastricht treaty, the shortfall is even higher, at 6 per cent. What cruel irony. The cosy assumption has been

All that political fuss, the Conservative party torn apart by the issue of European economic and monetary union, and Britain may not even qualify

that Britain would be eligible to join a single currency in 1999 but free to make up its own mind. It no longer holds. I gather that the Treasury considers it at best an even bet that the deficit will be down to the requisite 3 per cent next year. And officials, remember, are paid to be over-optimistic. Just think about it. All that political fuss, the Conservative party torn apart by the issue, and Britain may not even qualify to join.

The unexpectedly slow improvement in the public finances may be blamed partly on the curious stop-go pattern of the economic recovery. The composition of the upturn has also been atypical, led initially by exports rather than consumption. And, in economics, it is always the easiest mistake to project the present into the indefinite future.

The officials who study these things, however, are pretty sure that there has also been a significant and permanent shrinkage of the tax base. People are paying less Value Added Tax, perhaps because a rate of 17.5 per cent has taught more people how to avoid it. Corporation tax receipts are down, thanks to the tax avoidance industry. So while the economy's expected acceleration later this year will make significant inroads into the PSBR, borrowing will remain uncomfortably high.

And, with consumption now the principal motor of growth, a widening trade deficit leaves no room for any relaxation of fiscal policy. No matter. If he is still there Kenneth Clarke will cut taxes in his November budget. He has to. Perhaps I should admit in parenthesis here that the government's recent performance raises a serious question in my own mind as to whether it will simply fall apart well before the end of this year. But, for now, let's stick with the working assumption that it somehow manages to stagger on.

The size of the cuts will depend on how much the financial markets will let him

get away with. Mr Clarke will have to consider also the balance he wants to strike between preserving his reputation as one of the better chancellors of recent times and wrecking the financial inheritance of an incoming Labour government.

My bet is that Mr Clarke will find the money by announcing a further squeeze on public spending. But the figures will be incredible. The existing settlement for Whitehall departments over the next three years is already the tightest in living memory. In most areas it implies a complete freeze in spending and, in many, significant cuts. The senior civil servants paid to deliver the savings doubt that it is possible unless they cut deep into frontline public services. But even for an honest chancellor, there will be an irresistible temptation to write into the next budget a still lower set of figures. After all, the real pain will not be felt until after the election.

So where does that leave Mr Blair and his shadow chancellor, Gordon Brown? Bored in the Cabinet room, Mr Brown has promised to keep the fiscal deficit within the Maastricht criteria. He will borrow, he adds, only to invest. Mr Blair says there are to be no tax increases for the middle classes. Like it or not, he will probably be forced by his own words to endorse Mr Clarke's pre-election tax cuts. I suspect Mr Blair would also prefer to hold the top rate of tax to 40 per cent. Even if he is obliged by his party to propose a higher rate, there is not much extra revenue in it.

True, this time round there are few specific spending promises. But while Mr Blair's shadow cabinet colleagues are ready to embrace austerity in opposition, higher spending is implicit in their ambitions for government. It is easy to make hard choices when they are theoretical. Weak by weak the prospect of Labour winning the election seems to harden towards certainty. It will find nothing sweet in the chalice of victory.

LETTERS TO THE EDITOR

Number One, Southwark Bridge, London SE1 9HL

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Income trends and cost of consumer goods and services hardly a recipe for revolution in US

From Professor Eva Sola. Sir, Those gearing up for a revolution in America should proceed cautiously ("Talkin' bout a revolution", April 22). What is remarkable about the US economy - which annually generates about \$7 trillion in incomes and employs 120m people - is its stability. In the share out of national income (abstracting the 1982-83 world recession), employment-income has ranged between 72 per cent and 76 per cent while investment-related income has maintained a similar constancy, from between

15 per cent and 19 per cent. To be sure, the chasm to explaining the reported wedge, since 1982, in productivity and worker compensation indices can be found in the powerful forces unleashed by technological change, deregulation, increased monetary discipline, corporate restructuring, liberalised international trade and capital markets and, not least, structural reform in Latin America, eastern Europe and Asia. All of these became permanent features of the US economic and financial landscape in the past 15 years.

All this has conspired to create excess supply in America's "middle-class" labour market, reflected in the very modest increments in recent pay awards for this large part of the labour force, ie declining real wages. However, the upside of all this is revealed on the left-hand side of the price-cost equations. Inflation-adjusted prices of most consumer goods and services - healthcare and education notwithstanding - continue to decline along with improvements in access, choice and quality of most goods and services.

Finally, the plethora of new consumer electronic products saturating American households since 1980 (including VCRs, microwave ovens, home CD players, personal computers, home fax machines and cordless and cellular telephones) continues to enhance material life for society at large, ie, increased real consumption. Hardly a recipe for revolution.

Ira Sohn, professor of finance, Montclair State University, Upper Montclair, New Jersey 07043, US

Clarity in Gibraltar

From Ms Jean Cooper. Sir, Tom Bruns claims that, as an offshore financial centre, Gibraltar has opaque banking regulations ("Helicopter crash fuels Gibraltar drama row", April 19). In fact, a member of the European Union, Gibraltar is required to implement all its directives relating to banking. Although transposition of these into national law is not yet complete, the banking ordinance was amended to reflect the second banking co-ordination directive in 1993. In addition, all Gibraltar's banks (and most of its other financial services companies) are required by law to have measures in place to prevent the use of the financial system for money laundering. Since the start of this year, this has covered the proceeds of all indictable crimes, thus going beyond the EU money laundering directive requirements.

Jean Cooper, banking and investment business supervisor, Financial Services Commission, Suite 943, Europort, Gibraltar

Scepticism over merger well-founded

From Mr Kenneth P. Armitage. Sir, It is unusual that Wall Street analysts should be sceptical over the proposed merger of Bell Atlantic and Nynex ("Bell Atlantic and Nynex set to merge", April 22), especially when it follows the earlier merger of SBC Communications and Pacific Telesis. It is even more so when the culture of fund managers tends to be based on short-term improvements to the bottom line, including downsizing, restructuring and re-engineering, and management programmes following mergers which are designed to destroy jobs.

What service-sector companies fail to appreciate is that it is the quality and availability of service and the quality and availability of communication between customer and company which provides profits and that reductions in service quality loses them customers. Besides, it is one thing to have a leaner and meaner organisation, which might look good on paper, but it is of no use when customers go elsewhere. According to the American Management Association fewer than half of the companies which went through downsizing

programmes since 1990 have produced higher operating profits and even fewer have increased profitability. Mergers and acquisitions stifle rather than stimulate competition, and the resulting redundancies, especially among middle managers and supervisors (the corporate people with knowledge and experience), destroys customer loyalty. Perhaps the Wall Street analysts have a point.

Kenneth P. Armitage, 6 Deben Valley Drive, Kesgrave, Suffolk IP5 7FB, UK

FT example for UK companies to follow

From Mr Robin Baiden. Sir, Now the FT is being printed in Hong Kong, it is available here in Singapore on the evening of the day of publication. This is a great improvement, particularly for the Weekend FT which used to arrive the following Monday, but can now be read on Saturday. Your communications example is unfortunately not followed by a number of UK companies which send letters overseas franked with UK

domestic rate postage (often 2nd class). Such correspondence takes up to three months to get here and in my experience is sent by large, well known companies, sometimes with offices here. It is difficult to believe this applies to Singapore-bound mail only. If not, there must be a lot of outdated letters from the UK sitting for months in the holds of ships. On arrival, the chances must be that they are irrelevant to the recipient and not terribly helpful to the

image of UK plc and its overseas trade missions. Perhaps a small investment in a world map, with accompanying airmail rates, for the company's mail room might help to put this right. Oh, and it would also be helpful if UK companies would reply to faxes by fax rather than by mail.

Robin Baiden, 67 Cavenagh Road, Le Chateau, #04-04, Singapore 229621

Advertisement for InterForum '96 symposium. Includes text: "The future of desktop computing - business strategies for the network-centric computing era". Lists speakers: Larry Ellison, Sir Peter Bonfield CBE, Keith Todd, Phillip White, Jerald Aziz, Dr. Irving Wladarsky-Bergner, Gene Bonman, Peter Martin. Includes an enquiry/registration form with fields for name, address, company, and contact details. Also mentions fees and delegate spaces.

Europa · Jochen Thies Time for Kohl to step down

The chancellor's long hold on office has become an increasing problem for Germany



A long time at the helm: Helmut Kohl with Klaus Kinkel (left), the German foreign minister

The outcome of the elections in three German Länder last month has been much clearer than expected. The liberal Free Democratic party has survived to fight another day, making it almost certain that the ruling coalition of Free Democrats and Christian Democrats will win the federal election in 1998. The outcome of the election, therefore, no longer depends on Helmut Kohl remaining chancellor. In other words, he can step down from office without ceding the chancellorship to the opposition Social Democrats.

Yet no new ideas or fresh approaches are coming forward to address Germany's growing problems. Kurt Biedenkopf, the prime minister of Saxony, is a lonely source of new thinking. The chancellor holds big conferences that lead nowhere: all arguments are known, everything has been said.

Over the years, "chancellor democracy" has increasingly become a presidential system in which faces count, not institutions. Mr Kohl prefers to listen to a handful of people. Thus the most effective influence on the chancellor day-to-day is Mr Friedrich Bohl, the internationally unknown minister without portfolio in the chancellery.

Mr Joachim Bitterlich, a deputy undersecretary of state in the chancellery, shapes Mr Kohl's thinking on foreign affairs. On economic matters, the chancellor relies on the judgment of another undersecretary of state in the economics ministry.

Even in his relations with the German press, the chancellor normally bypasses the official government spokesman. At the beginning of his period in office, Mr Kohl had a rough ride from the German press and broadcasters. So now he relies on Mr Andreas Fritzenkoetter who is the master of the telephone conversation and the informal contact. Mr Kohl decides when to be interviewed, with the occasions becoming increasingly

German society is petrified in two societies. A traveller between Berlin and the Rhineland can see that there has been no merger between the two very different halves of the country - and the gap between them is growing.

When the future of the armed forces became controversial, two defence ministers had to resign. When nuclear material was found to have entered Germany from Russia, the head of the national secret service BND resigned. The chancellor is never affected.

Mr Kohl is not, of course, to blame for political tendencies which are built into the system - or for his longevity in office. He is a democrat and still a strong believer in the European cause.

But even friends in his own party increasingly argue that he no longer listens to arguments, that he always knows better and that he advances those who say what he likes to hear.

Some go so far as to say that the chancellor is too far removed from the bitter realities of the country where more and more people are losing their jobs or feeling insecure about their prospects. The outcome of the elections in Rhineland-Palatinate, Schleswig-Holstein and Baden-Wuerttemberg on March 24 now

makes Mr Kohl's departure possible. The threat posed by the opposition Social Democratic party has been greatly reduced after a poor performance under Mr Oskar Lafontaine, who became its president last November.

The defeat of the Social Democrats has also ended the high hopes of many on the German left that a red-green coalition between the socialists and the greens could lead the party back to national power after so long in the wilderness. In times of high unemployment, the average German voter becomes even more conservative.

The result of this dry run for the federal election is thus that the next German chancellor will be a Christian Democrat. Mr Kohl is free to go.

There were signs that he wanted to leave office in 1996 or shortly before. But whenever he is asked about it now, he prefers to remain silent.

That could be because he is thinking about retirement - he is, after all, the only leading European politician of the 1980s who remains in power. Margaret Thatcher, François Mitterrand and Mikhail Gorbachev have all departed the scene, and so too will Felipe González when the new Spanish government is formed. Yet, if Mr Kohl does call it a day, it will be because it is his choice. There is no kaiser to send him home as in the days of chancellor Bismarck. But if he decides to remain in office, it will not be good for Germany.

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The author is head of the English service of Deutsche Welle, Germany's overseas broadcasting service

سكوا من الأصيل

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday April 26 1996

India goes to the polls

India's election, in which voting begins tomorrow, is an important milestone in the country's political development, even though the campaign has been strikingly devoid of policy debate. Its significance lies in what it reveals about the decline of the ruling Congress Party and the changing nature of national politics.

For decades after independence from Britain, Congress was the political glue that held India together. Its origins lay in the opposition to British rule that united an immensely diverse and otherwise fragmented society. Its main lever of power was the civil service bequeathed by Britain, and its continuing authority was ensured by the tight grip exercised by the Nehru family.

Much of that has gone. The outstanding features of this campaign have been the low standing of national politicians, the importance of regional issues, the emergence of local parties as power brokers and the more strident voice of separate castes. The outcome has thus become impossible to predict in detail. What is certain is that India has moved into an age of coalition politics.

Mr P.V. Narasimha Rao may still end up as prime minister once the votes are counted, but he will preside over a different form of government. With a weak coalition at the centre, the relative power of the states, which has already been boosted by economic reform and deregulation, will continue to grow. India is evolving into a much looser federation.

This is not a bad thing insofar as it simply reflects a new level of political maturity. Indians now feel that their differences can be represented at a political level — and so they should.

But it presents a challenge for Mr Rao or any other leader the election throws up. If India is to become a looser federation, then the role of central government will have to be redefined. Its internal task is to ensure that the move towards decentralisation is smooth and prevent the country from breaking up. The risk is less that the economic reforms will grind to a halt when the election is over, but more that the vote will produce a government incapable of rising to that challenge.

Delhi can make two central contributions. One is to ensure that the rule of law prevails at every level, and the other is to make national unity a matter of economic self-interest for individuals, businesses and states. That means a single-minded pursuit of deregulation aimed at promoting a national market and removing barriers to competition and trade between the states. A thriving national economy will ultimately be a much more powerful binding force among the increasingly autonomous states than the activities of an autocratic family or a single national party that has increasingly shown itself out of touch with the people.

A bogus choice

There is something rather curious about a wealthy businessman who generally resides in Mexico or France holding court at London's Dorchester hotel to demand a referendum on the question of "Who Governs Britain". There is something even stranger when he succeeds in badly destabilising the government of the day.

Sir James Goldsmith, successful businessman, representative of France in the European Parliament and reputed billionaire, has decided to field candidates in virtually every constituency at the forthcoming UK general election. His referendum party will offer a single plank in its manifesto: the demand for a plebiscite on the nation's future in Europe. Sir James promises that as soon as that objective is achieved, the new party will dissolve itself.

In calmer moments, Sir James's enterprise would have been dismissed as an example of the mild eccentricity and natural vanity which often tempts wealthy businessmen into politics. The failed US presidential bids by Ross Perot and Steve Forbes spring to mind. But these are not ordinary times.

The split in the Conservative party is widening rather than narrowing as the general election approaches. Rows over the Common Fisheries Policy and a spate of recent judgments by the European Court of Justice, and widespread anger over the EU's ban on exports of UK beef has hardened further the Euroscepticism on the Tory backbenches. Some Conservatives are suggesting that perhaps Sir James is right, there should be a referendum on the fundamental issue of membership of the EU. Others are willing to grab any stick with which to beat the EU, or more alarmingly, to raise the spectre of a German-dominated Europe.

Sir James's voice during a week-long media blitz in London this week has also been amplified by sections of the British press. Mr Rupert Murdoch's mass-selling Sun newspaper and Mr Conrad Black's Daily Telegraph have been particularly strident in playing to what they sense to be a groundswell of Eurosceptic opinion among their readers.

Sir James, however, has been disingenuous. He declines to state a precise question for the referendum he demands. The closest has been that the voters be asked whether they wish the UK to be part of a EU of nation states or a European superstate. But that is a bogus choice. It is difficult not to conclude, as have many of its supporters, that the referendum party's real objective is a vote on UK withdrawal from the EU.

If Sir James carries forward his threat he could well cost the Conservatives some votes and a few seats at the general election. Mr Major, however, is right in concluding that even a sceptical Conservative party could not promote such a referendum. In any event, Sir James is likely to gain more publicity than support. Like Mr Forbes, he may discover that votes do not come cheap in a market economy.

Black Sea blues

War in former Yugoslavia isolated Bulgaria from mainstream Europe and distracted attention from its role within broader strategic developments in the Black Sea region. But the recent lifting of the trade embargo on Serbia and the growing importance of the Black Sea region as a transit route for Russian gas and central Asian oil provide a welcome opportunity for its re-integration into Europe. For this to happen, however, there must be far more decisive reform within the country.

Bulgaria is emerging as a key link in future energy supplies in southern Europe. Gazprom, the Russian oil company, recently gained an effective majority stake in a new Russo-Bulgarian gas company called Topanov which plans to deliver 20bn cu m of gas annually to the region by the next century. The gas will be pumped down a new pipeline from Yamal in northern Siberia. It will run through Ukraine and Romania and split inside Bulgaria into three branches, to supply Serbia, Greece and Turkey. It is the southern equivalent of a pipeline being built through Poland to supply northern Europe.

At the same time, Russian, Greek and Bulgarian companies are working out the final details of a 200km pipeline from the Bulgarian port of Burgas on the Black Sea to the Greek port of Alexandroupoli. This will take oil from central Asia across the Black Sea, via the Russian port of Novorossi-

za and then overland into the northern Aegean, bypassing the Bosphorus.

The danger in this is that Russia, which has traditionally seen itself as protector of fellow-Slavic Bulgaria, could re-establish a stronghold in the Balkans. This could limit Bulgarian independence and cause nervousness among several Nato countries, not least Turkey.

The risks would be much diminished if Bulgaria's socialist government, led by Mr Zhan Videnov, showed the courage demonstrated last year by the Hungarian government and pressed ahead more vigorously with long-delayed economic reforms, to underpin Bulgaria's independence. The need for this became obvious at this month's annual conference of the European Bank for Reconstruction and Development in Sofia. Such reforms should include restructuring the banking system, closing big loss-making enterprises and encouraging a private sector starved of capital and harassed by erratically enforced and sometimes retroactive laws and taxes.

Provided Mr Videnov bites the bullet, the International Monetary Fund is ready with a new standby agreement and the World Bank has promised up to \$900m. Foreign investors, who have invested less than \$800m compared to nearly \$14bn in Hungary, would also be attracted to this potentially wealthy country. Now is the time for bold action.

The UK government's decision to block bids by National Power and PowerGen, the generators, for electricity distribution companies has highlighted the uncertainty which has surrounded competition policy in recent years.

By unexpectedly stopping the takeover, Mr Ian Lang, the trade and industry secretary, has overruled the Monopolies and Mergers Commission, the government's competition watchdog, which favoured approval for the bids.

It is also a significant reversal of his own past decisions. Mr Lang, who took over at the DTI last summer, has until now favoured big power and water industry mergers, despite expressions of concern from the utilities regulators and consumer groups.

This week's decisions have left the City confused about competition policy and redoubled demands for greater clarity in future and for reform. As Mr George Mason, policy adviser at the Confederation of British Industry, says: "What business wants above all else is clarity."

A City analyst says bluntly: "Nobody trusts the government any more on these competition decisions."

Even consumer groups, which welcomed the decision, condemned confused decision-making in competition policy. Mr Philip Culham, of the Consumers' Association, says: "It all shows how much we need reform."

Some competition lawyers see Mr Lang's decision this week as a sign that he wants to promote free competition more than Mr Michael Heseltine, his predecessor at the DTI. Mr Heseltine, now deputy prime minister, was seen as favouring large mergers as a way of creating "national champions" capable of battling in international markets.

However, others say Mr Lang has bowed to popular protests for the sake of votes in the forthcoming general election, after Mr Norman Lamont, the former chancellor, urged him to intervene when a US electricity company said it wanted to take over National Power. As one competition lawyer says: "It looks like a bit of politicking."

The current confusion over the purposes of competition policy stems from two sources — recent decisions by the competition authorities taken under Mr Heseltine's influence and the structure of British competition law.

Before Mr Heseltine took over the DTI in 1992, the emphasis in competition policy was concentrated on promoting competition, under the so-called "Tebbit doctrine" set out by Mr Norman (now Lord) Tebbit, trade and industry secretary in the mid-1980s.

But Mr Heseltine's determination to protect the UK's competitiveness in international markets led to a change of emphasis, in which successful UK businesses would not be hampered by bureaucratic interference. One immediate consequence was that delayed plans to tighten competition law.

The number of mergers and possible anti-competitive practices referred to the Monopolies and

Mergers Commission dropped sharply — MMC reports fell from a peak of 30 in 1989 to just 15 last year. And Mr Heseltine appointed as chairman of the Monopolies and Mergers Commission Mr Graeme Odgers, a businessman who shares his dislike of excessive bureaucratic interference in the economy.

Critics including the Consumers Association accused Mr Heseltine of favouring business at the expense of the public interest. And officials at the Office of Fair Trading, which investigates possible abuses of competition law, became concerned that they were being ignored.

When Mr Lang took over from Mr Heseltine last summer, his initial decisions indicated that he would continue the Heseltine approach. He approved mergers in power and water, industries with millions of consumers. These included North West Water's acquisition of Norweb, its local electricity distributor, and the bid by Hanson, the industrial group, for Eastern Electricity.

In doing so, Mr Lang over-rode requests for the bids to be referred to the Monopolies and Mergers Commission from Mr John Bridgeman, the newly appointed director-general of fair trading. He even declined to ask the commission to investigate Scottish Power's bid for Manweb, the first time that a generator had bid for a distributor. Although this began to unpick the careful separation of generation from distribution introduced at privatisation, Mr Lang said that he had no objection in principle to such vertical integration.

These decisions raised serious concerns not just at the office of fair trading and consumer groups but also with Professor Stephen Littlechild, the electricity regulator. So when the National Power and

PowerGen bids were announced in the autumn, Mr Lang bowed to pressure and referred the planned deals to the MMC.

Complaints that competition policy decisions lack clarity have prompted demands for reform, to which the government has responded half-heartedly. This year, after much delay, it published a green paper, proposing modest changes in the current tripartite system under which authority is divided between the OFT, the MMC and the government as a final arbiter. The government's proposals are for boosting the OFT's investigative powers and strengthening the law on cartels.

But many competition lawyers say the tripartite system is cumbersome, unclear and expensive since much of the investigatory work of the OFT is duplicated by the MMC. Moreover, the authorities do not make detailed policy statements nor are they bound by precedent. Finally, these critics say the government has too much influence.

These critics, joined by the Labour party, want clearer laws defining both the responsibilities of the authorities and the law. For example, the MMC is required by law to judge issues by what is "the public interest". A former senior competition policy official says it would be better to replace this with the narrow aim of promoting competition. The government could intervene in the few cases where other matters were relevant, such as national security.

The government has been able to play down demands for reform because competition issues have generated little public interest. This week's noisy events will make that considerably more difficult.

A friend of industry

In the three years since Mr Graeme Odgers took over as chairman of the Monopolies and Mergers Commission, the interests of industry ahead of those of consumers.

Given his background — Tarmac, British Telecommunications and Alfred McAlpine preceded by a spell running the Department of Industry's industrial development unit in the mid-1970s — it is hardly surprising that he holds pro-industry views.

Indeed, when appointed to the MMC by Mr Michael Heseltine, he declared with some pride that he was "four squares" with the then trade and industry secretary.

Mr Odgers' response is that the Commission is obliged to take into account the consumer interest under the Fair Trading Act when judging where the public interest lies — and therefore always does so.

Mr Odgers is also regarded as opposed to the kind of root-and-branch reform of competition policy advocated by Sir Bryan Carse, the former director-general of fair trading. In fact, Mr Odgers says reform of UK legislation on restrictive trade practices is long overdue in order to take a tougher line on industry cartels.

His one sticking point is over the issue of merging the MMC with the Office of Fair Trading and reducing the role of politicians. He firmly believes the UK's tripartite system, leaving the final say to the politicians, works well and should not be tinkered with.

That belief is unlikely to change, even as he contemplates the latest rebuff handed out to him on Wednesday by Mr Ian Lang.

Robert Rice



OBSERVER

America's big killings

Sotheby's New York auction of Kennedy memorabilia is not the only example of a presidential fire sale. Next month, Washington's Sidwell Friends school — attended by Chelsea Clinton — is holding a scholarship fundraising dinner.

The First Daughter has arranged that one of the prizes up for bids is a round of golf with her father at the Army and Navy Country Club. The organisers won't estimate what the lucky threesome will pay for the privilege, only suggesting that the opportunity is "priceless".

At least Bill Clinton, an expansive player, takes his time over a round. Former president George Bush would regularly spring round 16 holes in under two hours, exhausting his partners and the protective secret service. But, unlike this week in New York, wealthy celebrities and *hoi polloi* cannot expect to get lucky. The school auction is limited to members of "the Sidwell community".

And if you're still feeling depressed at being unable to muster the outrageous sums required to secure some Kennedy memorabilia — don't panic. Observer has a substitute. A US judge has just permitted an auction of the refrigerator, drill bits,

Do as I say

There are worthy calls for greater transparency in financial information in the Commission des Operations de Bourse 1st annual report, out yesterday. Not that the French financial markets watchdog shies by such strictures (itself, its own accounts run to a meagre few paragraphs).

But then 1995 was not a year to dwell upon: income fell nine per cent, while expenditure grew two per cent, even before the FF96.7m doled out in the course of hosting the International Organisation of Securities Commissions conference.

Big game cover-up

If you own any really large fig leaves, rush them to Los Angeles, where officials have been asked to cover two nude statues at the Los Angeles Coliseum for tomorrow's start of a 42-state, cross-US relay of the Olympic flame.

According to the Los Angeles Times, the cover-up order came from the Atlanta Committee for the Olympic Games, which is organising this summer's Olympics

Lamb to slaughter

Meanwhile, the Eurofest '96 exhibition in Brussels — which has everything for the hi-tech butcher — has "been dead this week", according to Roger America, of the meat processing machine-maker Piment. There have been 6,800 visitors in the first four of the exhibition's five days, against nearly 11,500 in 1993, when the show was last held. America blamed the recession and the mad cow crisis. "It has certainly not helped. There is no confidence," he said, rather sheepishly.

Tongue in cheek

You've had mad cows and the threat of world plague, mad cows and collapsing governments; now

50 years ago

Japan bonds service

Tokyo, 25th April. Officials here expressed surprise at the statement attributed to Viscount Shibusawa, Minister of Finance, in a London report, that provisions equivalent to \$900m had been made for payment of Japanese external debt service. The report was to the effect that, even during the war, money had been set aside to meet this commitment and was still intact. One official said that the figure mentioned was extremely large. So far as he knew, nothing was available for debt service.

U.S. copper prices

The American Mining Congress has asked for a legislative increase in the ceiling price of copper, lead and zinc through an amendment to the Price Administration Extension Bill. The secretary of the Mining Congress, Mr. Julian D. Conover, told the Senate Banking and Currency Committee that this amendment is necessary to correct discrimination against the non-ferrous metal industry. In effect, the proposal would increase price ceilings on such metals and decrease the present premium payments made by the Government.

Luck of the Irish

Dan Tully, head of Merrill Lynch, admits to knowing next to nothing about horses, despite being on the board of the New York Racing Association. Indeed he's not keen to remember just how many times he's lost money betting on a horse simply because the name included the word "Tipperary".

On Tuesday his luck turned at the Punchestown races near Dublin. He picked the winner in the 6.10 Tom O'Leary Memorial, at the comfortable odds of 7 to 1. The horse's name — Dan's Your Man, ridden by a Mr P. Cashman, and trained by a Mrs A. Cashman. For a Wall Street banker the conjunction was just too tempting.

Financial Times

brother PRINTERS FAX MACHINES

FINANCIAL TIMES

Friday April 26 1996

KIVETON PARK STEEL SUPPLIERS OF QUALITY BRIGHT STEEL

Failed IRA bomb puts ceasefire hopes on hold

By John Kumpfter in London and John Murray Brown in Dublin
Ministers yesterday prepared themselves for a possible spate of IRA "spectaculars" after it was disclosed that a bomb planted on Hammersmith Bridge in London could have been the biggest high explosive device in Britain.

"This is probably the biggest amount of high explosive ever to be placed on the mainland. These devices would have caused a very large explosion and there's no doubt that they were made to kill, cause injury and major structural damage."

Although all parties in the Irish parliament condemned the bombing, the first signs of disagreement within the government emerged over Sinn Féin's role in the talks.

Farmers in UK win right to challenge beef ban

By John Mason and Deborah Hargreaves in London and Caroline Southey in Brussels
The UK's National Farmers Union yesterday won the right to challenge the European Commission's worldwide ban on British beef exports in the European Court.

Poor crops hit grain prices

Continued from Page 1
where half of all wheat production - about 32m tonnes - is exported. Countries such as China and Egypt, which delayed imports of grain in the hope that prices would fall, have been caught out.

EU rules 'hinder' chemicals groups

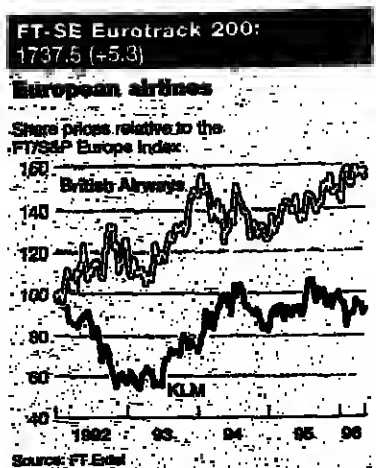
By Jenny Luesty in London
The competitiveness of European chemical companies is being hindered through excessive European Union regulation of the development of new chemicals, industry leaders say.

out the entire development process in-house. As a result, research-driven companies are being forced to tie up capital in producing basic raw materials, and specialty chemical companies are losing essential business, says Mr David Campbell, operations director for Laporte Organics.

Maintaining altitude

Just as the notoriously volatile airline sector appeared to be steering a steady recovery course, a blast of cold air has caused a wobble. Could the top of the cycle already be in sight? Earlier this week, the International Air Transport Association (Iata) warned airlines that their profits would take a nosedive if they did not stem the growth in aircraft capacity, which is currently outstripping rising demand.

THE LEX COLUMN



alliance with Viag and RWE. C&W one with Veba. If the British groups merge, they will not pursue two separate German alliances. But since a grand alliance involving all three German groups would be a managerial nightmare, it is likely at least one will be dropped.

UK power

Confusion reigns over the British government's attitude to foreign bids for a generator such as National Power. As the government rightly points out, its golden share gives it the power to veto a bid. But faced with a convincing proposal, nobody knows whether ministers would really seek to block it - or even whether they think they ought to.

Mediaset

The decline in Mr Silvio Berlusconi's political fortunes will not help plans for a public offering of his television empire, Mediaset, in June. His ability to influence the regulatory regime must have diminished with his political power.

German telecoms

Deutsche Telekom is such a cumbersome elephant that the soon-to-be liberalised German telecoms market seemingly offers rich pickings to new entrants. But with powerful domestic groups including Veba, Mannesmann, Thyssen, Viag and RWE all planning to pile into the market, the ensuing cut-throat competition may make profits for nobody.

US Congress set to approve budget at last

Continued from Page 1
government shutdowns in November and January. In the process he rallied Democrats behind the preservation of the social safety net as never before in his term.

Bob Dole, the majority leader, for the presidency, in the unpopularity of the Speaker and in the current national standing of the two parties.

and Congressman Richard Gephardt, such as Republicans did to Mr Gingrich in the first flush of his "revolutionary" era.

FT WEATHER GUIDE Europe today. The northern British Isles, the Netherlands and Germany will be overcast in the morning and showers are likely. Includes a weather map and a table of today's temperatures for various cities.

First GDR transaction out of the Kingdom of Morocco. Advertisement for Banque Marocaine du Commerce Extérieur offering 4,724,409 Global Depository Receipts. Includes contact information for International Finance Corporation and Nomura International.

Handwritten Arabic text: هكذا من الأمل

صباح الخير

KIVER
BANK

LEGAL DEFINITIONS
bunf n. usu. derog. papers, documents
(often prec. by what's all this; I'm not
signing clause 2, para 4, sub.2.4.6
of this, etc.) for rapid transl. see
ROWE & MAW: asap (ph 0171-248 4282)

FINANCIAL TIMES
COMPANIES & MARKETS

LEGAL DEFINITIONS
constructive dismissal v. 1 a
mass firing of modern architects
(after monstrous carbuncle) 2 indirect
dismissal. see ROWE & MAW: asap
(ph 0171-248 4282)

IN BRIEF

Daimler-Benz sees
turnaround in 1998

Daimler-Benz, Germany's largest industrial
company, forecast a move from a DM6bn (\$8.94bn)
net loss last year into a DM6bn operating profit in
1998. Page 18

Bayer cautions despite 'good start'
Bayer, the leading German chemicals group,
reported a 14 per cent in pre-tax income for the first
quarter to DM1.15bn through productivity
increases. But warned that "economic uncertainty"
in several European countries, especially Germany,
was causing concern. Page 19

US airline results continue steep rise
US airline results have begun to fall into a pattern.
Each quarter, analysts produce forecasts of big
increases in profits and when the results come out,
the figures surpass even the most optimistic expecta-
tions. Page 20

European pricing move holds back P&G
The cost of switching to "everyday low pricing" in
Europe held back Procter & Gamble's European
profits growth in its fiscal third quarter to March.
The US consumer goods company reported. But a
strong performance in the US helped raise net profit
22 per cent to \$760m. Page 21

Aseant considers float to refinance loans
Asia Satellite Telecommunications (Aseant), the
Hong Kong-based satellite consortium, said it was
considering floating as a way of refinancing loans
of about US\$220m. Page 22

Companies in this issue

Table listing companies and their market status. Includes AG, AMR, Alcoa-Nobel, Alliance Forest, Allianz, AlliedSignal, America West, Argentina, Asie Satellite Comm, Austin Reed, Avon, Azteca, BCE, BCH, BET, Banco Santander, Bank Berlin, Bayer, Christiania Bank, Coca-Cola, Continental Airlines, Crest Lycra, Dalmeida-Brow, Davik Brown, Davy International, Delta Air Lines, Direct Line, Direct Response, Domtar, Donohue, Dow Chemical, Elektra, Elcor, Fletcher Challenge, Great Estn Shipping, Grupo Telefon, Hitachi, Honda, KCI, IPTN.

Market Statistics

Table of market statistics including Annual reports service, Benchmark Govt bonds, Bond futures and options, Bond prices and yields, Commodities prices, Dividends announced, UK, EMS currency rates, Eurobond prices, Fixed interest indices, FTSE-100 World Index, FT Gold Index, FTSE100 Index, FTSE100 Index.

Chief price changes yesterday

Table of price changes for various markets including Frankfurt, London, New York, and Tokyo.

Hitachi hit by charge for pensions

By Michyo Nakamoto in Tokyo
Hitachi, the Japanese electronics
maker, yesterday said it would
incur a ¥2.7bn (\$206m) extraordi-
nary parent pre-tax loss in the
financial year just ended because
of a pension account deficit and
restructuring costs.
The loss - the net of extraordi-
nary losses and an extraordinary
gain - reflects the pressures fac-
ing Japanese companies, particu-
larly from the sluggish state of
consumer electronics markets
worldwide.
Hitachi will take a charge of
¥29bn to cover a pension account

deficit, in accordance with Japane-
se government rules.
The additional contribution
reflects the difficult state of Japane-
se pension funds, which are
expected to be hit by large repay-
ments to an ageing population in
the years ahead, while invest-
ment returns have been moder-
ate.
The company is also incurring a
¥2.9bn loss for restructuring
its consumer electronics business
in Europe, where Hitachi has had
a tough time. Hitachi said labour
costs were high, especially in
Europe, which was no longer a
growing market.

Against a combined extraordi-
nary loss of ¥50.9bn, Hitachi is
realising an extraordinary gain of
¥28.2bn by selling marketable
securities, bringing the final fig-
ure to ¥21.7bn.
The impact is expected to be a
10 per cent reduction in the com-
pany's forecast of parent net pro-
fits of ¥77bn in the 12 months to
the end of March.
However, sales and recurring
profits, before extraordinary
items and tax, are likely to be
higher than the forecasts of
¥4,000bn and ¥120bn respecti-
vely, due to strong sales of
semiconductors.

In contrast to the difficult con-
sumer electronics market, strong
semiconductor sales are propelling
the company to increase invest-
ment in that area.
Hitachi said it would build a
facility in Japan to manufacture
advanced 64-megabit dynamic
random access memory chips at a
cost of ¥120bn.
The new facility, scheduled to
come on stream in 1998, would
have the capacity to manufacture
30,000 eight-inch wafers. Hitachi
said.
Hitachi is also investing in a
joint venture facility with Texas
Instruments in the US to produce

both 16-megabit and 64-megabit
D-Rams.
The company estimates total
investment in semiconductors
amounted to ¥130bn in the year
to March 1996 and is likely to rise
to about ¥200bn in the current
year.
The company, which is among
the three largest makers of mem-
ory chips, believes recent weak-
ness is temporary.
The market was valued at
¥145,000bn last year and is expect-
ed to grow to ¥30,000bn by
2000, according to industry esti-
mates.

Direct Line
founder
raises
\$215m for
US assault

By Ralph Atkins,
Insurance Correspondent
A new US company set up by Mr
Peter Wood, who built telephone-
based Direct Line into the UK's
largest motor insurer, has raised
an initial \$215m for an assault
on the US vehicle insurance mar-
ket.

Mr Wood and business partner
Mr James Stone, chairman of
Plymouth Rock, a Boston-based
insurer, plan to launch the ven-
ture, Direct Response, next year.
They expect it to operate in most
states within five years.
The move marks a significant
step for Mr Wood, who has trans-
formed the UK personal insur-
ance market. He founded Direct
Line 11 years ago with £20m pro-
vided by its parent, Royal Bank
of Scotland. The group reduced
insurance costs sharply by cut-
ting out brokers and their com-
missions.

Direct Line is now maturing,
however. Intense competition
from rivals which have adopted
its techniques, and bad weather
are expected to cut profits by at
least half this year, from £112m
in the year to last September.
Mr Wood was paid £24m in
1994 to abandon a bonus scheme
that paid £18.2m in 12 months.
Last year he was paid a salary of
\$361,000 by Royal Bank.
Mr Wood is committed to
spending half his time at Direct
Line, but earlier this year relinqu-
ished day-to-day responsibility for
much of its operations.
He will spend one week in four
in Boston and will be vice-
chairman of the US venture. He
will initially own less than 10
per cent of Direct Response's
shares but his stake could grow,
depending on results. Mr Stone
will be chairman.

Royal Bank will have no finan-
cial involvement in the US ven-
ture. Under US rules affecting
banks' investments in insuranc-
e companies, it could have taken a
5 per cent stake but decided a
small interest made little sense.
Mr George Mathewson, chief
executive, said the decision did

not reflect caution about the ven-
ture's success: "We have every
faith that Peter will do well."
Financing for Direct Response
was arranged by Morgan Stan-
ley, the financial services group,
in a deal agreed last week. Main
investors include Morgan Stan-
ley Capital Partners, one of the
most successful private equity
units linked to a big Wall Street
house, which has targeted insur-
ance ventures.
Direct Response, like its UK
counterpart, will sell directly to
customers using telephone sales
and other techniques - including
computer links. But it is likely
to find the US market hard to
penetrate as insurance compa-
nies' tied agents already use tele-
phone sales extensively.
Other backers include Chase
Capital Partners. Plymouth
Rock, in which Mr Wood has
invested about \$8m, is also pro-
viding launch capital.



Peter Wood: launch next year

Mexican
media
group falls
into loss

By Leslie Crawford
in Mexico City

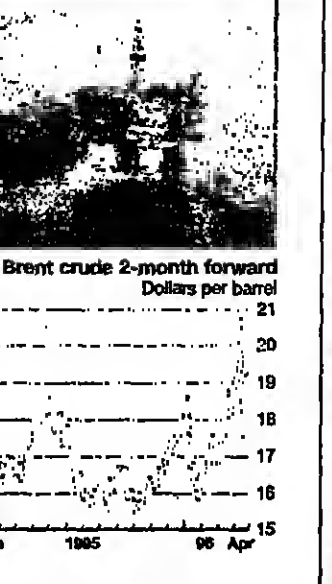
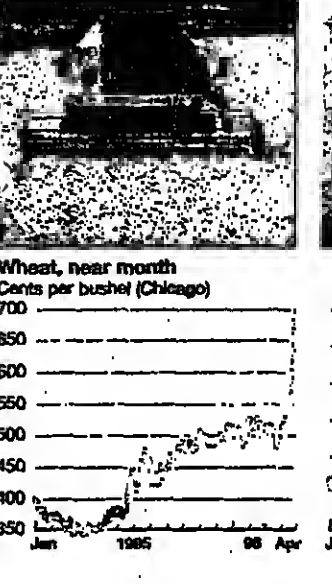
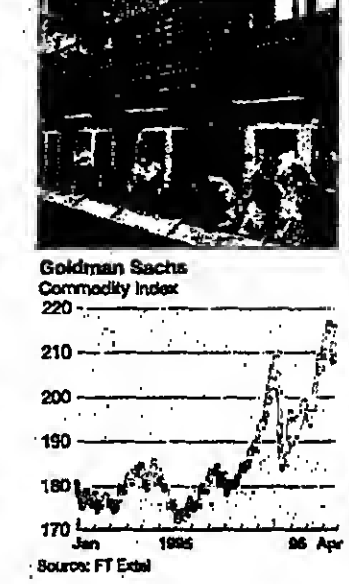
A sharp rise in debt-servicing
costs, and a decline in advertis-
ing revenues, cable subscriptions
and magazine sales led Grupo
Televisa, Mexico's dominant
media group, to report a net loss
of 396m pesos (\$63.5m) in the
first quarter of 1996.
The results showing a fall
from a profit of 151m pesos in
the same period last year sur-
prised analysts, particularly the
high interest charges on its
\$1.1bn debt which increased 56
per cent to 501m pesos. "The
results are very negative," said
Mr Shayne McGuire of ING Bar-
ings in Mexico City. "They
reflect Televisa's dependence on
short-term finance during 1995."
However, Mr McGuire noted Tel-
evisa had restructured virtually
all short-term debt into a \$500m
eurobond this month, which will
diminish interest expenses.
Televisa executives say part of
the debt will be retired with the
forthcoming sale of FanAmSat,
a private satellite operator, which
could raise up to \$1.3bn for
Televisa.
The media group's net sales
fell 8.9 per cent to 2,046m pesos.
Television revenues, which
account for more than half of
Televisa's total income, were
slashed by the advertising out-
lets of recession-hit companies,
many of which opted for the
cheaper rates offered by Tele-
visión Asteca, a rival network.
Asteca, a privately-owned com-
pany which plans to set a listing
on the Mexico City stock
exchange later this year, said
advertising on Wednesday a 16
per cent real increase in sales
during 1995 to 654m pesos. In
addition, it said advertising
bookings for 1996 rose 123 per
cent - an indication of the
towards the smaller network is
making into Televisa's advertis-
ing market.
Televisa's revenues from tel-
evision advertising and the sale of
programming abroad fell 4.9 per
cent in the first quarter to
1,159m pesos.
Its publishing division, which
axed a large number of magazine
titles last year, saw sales drop 19
per cent to 350m pesos. Cable
subscription cancellations
caused revenues in the cable
division to fall 19 per cent to
84.6m pesos. Televisa's record
company, however, increased
sales 8.1 per cent to 199m pesos.
There was also a one-off
charge of 216m pesos to cover
the costs of about 500 redempti-
ons in the first quarter. Since
mid-1994, Televisa has cut 14.4
per cent of its 23,600-strong
workforce, which the company
says has brought total savings of
at least 650m pesos.
Televisa shares, which shot up
26 per cent after the PanAmSat
sale was announced earlier this
month, fell about 4 per cent by
mid-session to 116.36 pesos.
TV terrestrial, Page 21

Deborah Hargreaves on a 'manic' week in the commodity markets

Squeeze on grain and oil
puts the traders in clover

A lift for commodities

This week's surge in grain
prices has seen the Chi-
cago futures markets hit-
ting record highs. Prices are soaring
as world stocks touch
postwar lows and traders
describe the markets as "manic".
The commodity price rise is not
restricted to grains: oil reached a
five-year peak in early April and
several commodities indices -
albeit heavily weighted in agri-
cultural and oil - have set
records.
The big price rises in the oil
and grain markets are caused
largely by plunging stock. Wheat
stocks are at their lowest point
since 1948 and oil stocks touched
a 19-year low this month. Stock
levels have been falling for most
commodities as poor weather,
corporate cost-cutting and drops
in production have combined to
drive them down. Metal prices
have so far been sluggish, but
analysts say stocks are low and -
with the exception of copper -
prices could rise this year if econo-
mic growth stimulates demand.
"It is the strong economic
growth in Asian countries out-
side Japan, and the US which is
driving the energy and agricul-
tural, as opposed to Europe and
Japan where the economies are
more stale-intensive," said Mr
Steve Strongin, director of com-
modity research at Goldman
Sachs in New York.
"If the European and Japanese
economies are stronger later this
year, the metals markets will
pick up too," he said.
But many analysts are wary of
interpreting the recent strength
in the grains and energy markets
as a sign of a general upwards
trend for commodities.
"Everyone likes to try and find
a unifying factor when commodi-
ties are moving, but there are
really two distinct groups. Prices
for the industrial commodities
are dependent on economic
growth, but foodstuffs are more
related to population growth and
the weather," said Mr Lawrence
Eagles, commodity analyst for
GNI in Brazil.
Analysts say so far the implica-
tions of commodity price rises for
inflation are not great since oil
prices look like slipping again
and food prices have been so low
for many years they could rise
much further and still have little
effect on consumer prices.
High grain prices will have an
adverse effect on poorer, food-im-
porting nations which already



spend a disproportionate amount
of their income on food. They are
likely to increase their demand
for food aid.
Grain stocks have been falling
sharply for the past year after
droughts and supply disruptions
in important producing countries
such as Australia depressed last
year's harvest.
A bumper harvest this year
could do much to alleviate supply
tightness, but poor weather pat-
terns across the US have led
traders to fear for this year's crop.
Reports from the US Depart-
ment of Agriculture on Monday
that 45 per cent of the winter
wheat crop was in a "poor to
very poor" state sparked this
week's run-up in prices. Some
farmers are digging up winter
wheat and replacing it with
spring planting.
Crude oil markets have been
similarly affected by a sharp drop
in stocks. US stocks are reported
by the American Petroleum In-
stitute at 297m barrels - 40m bar-
rels lower than a year ago and
close to a historic low.
Cold weather across the north-
ern hemisphere early this year

drove an increase in demand for
energy - heating oil and kero-
sene as well as trade. This in
turn led to a run-down in stock
levels with companies caught
short when the winter ended.
Mr Peter Bogin, oil analyst at
Cambridge Energy Research
Associates in Paris, believes com-
panies are tending to carry lower
stocks of oil as part of a cost-cut-
ting exercise. "This makes the
market more susceptible to price
spikes as these companies replen-
ish stocks on a short-term basis."

The grain market shows the
most serious imbalance. In the
1970s, during the last great drop
in grain stocks, one of the solu-
tions to shortages was to increase
the use of chemical fertilisers and
irrigation techniques. How-
ever, these are now much more
widely used than then.
Mr Strongin believes grain
prices need to rise a lot further in
order to retain demand effecti-
vely. "Real prices of agricul-
tural commodities have been fall-
ing for the past 40 years."
He also judges that spare
capacity for increased planting
such as the land set aside in the
European Union - is a lot lower
than many people think. "In
terms of global demand, it is tri-
vial," he said.
The United Nations Food and
Agriculture Organisation in
Rome points out high grain
prices are leading to increased
food insecurity in several low-
income, food deficit countries.
Soaring Chicago markets may
mean a bonanza for some traders,
but they lead to a bigger food bill
for importing countries.

Low wheat stocks and con-
tinued rising demand for
grain is expected to keep
the grain markets tight for at
least the next year. The Interna-
tional Grains Council, which
monitors the markets, yesterday
projected only a small recovery
in wheat stocks at the end of the
1996 harvest to 94m tonnes from
the current level of 93m tonnes.
But oil prices have already
begun to slip back from their
highs earlier this month and
traders say the traditional low
demand season for energy in the
second quarter will bring supply

Mobile phones help Telefonica rise

By David White in Madrid

Telefonica, the partly state-
controlled Spanish telecom-
munications group, yesterday released
advance figures for its first-
quarter results showing a rise of 20
per cent in consolidated net
profit to Ptas24,082bn (\$190m).
The figure, which compared with
Ptsa20,02bn in the corre-
sponding period last year, was
higher than analysts' forecasts.
Consolidated operating income,
including Telefonica's Latin
American interests, rose 10.5 per
cent to Ptas44,77bn.
Total lines in service were
almost 7 per cent up on last year
at 24.45m and the number of

mobile phone customers in Spain
shot up 149 per cent to 1.2m fol-
lowing the launch of a new cellu-
lar service last summer. The total
of mobile phone clients for the
group as a whole more than dou-
bled to 1.7m.
The company provided no fur-
ther figures ahead of the publica-
tion of full quarterly results next
month.
The profit growth follows an 18
per cent rise in consolidated net
earnings last year to Ptas133.2bn
and an increase of just under 16
per cent at parent company level
to Ptas106.2bn.
As part of an effort to bring
Spanish telephone rates into line
with those of other operators,

Telefonica has proposed to
reduce tariffs for international
calls by an average of 13 per cent,
which together with reductions
made last year would mean a 25
per cent cut. The change is await-
ing government approval once a
new centre-right administration
takes office.
The future of the state's
Telefonica has come into ques-
tion during the Popular Party's
negotiations to form a government
with the backing of
regional groups.
Its main partner, the moderate
Catalan nationalist party Convergencia
i Unió, is pressing for full
privatisation and steps to com-
plete the liberalisation of the sector.

The company's monopoly in
basic telephone services in Spain
is due to be broken up in 1998.
A "hard core" of banking
shareholders, formed last year
between Barcelona-based
savings bank La Caixa, Banco
Bilbao Vizcaya and Argenta-
ria, has strengthened its interest in
the company to a combined total
of about 11 per cent.
Argentina recently raised its
stake from 2.5 per cent to 3 per
cent.
Last autumn the state reduced
its participation through a public
share offering of 12 per cent of
Telefonica's capital.

COMPANIES AND FINANCE: EUROPE

STEFANEL

STEFANEL S.P.A.
REGISTERED OFFICE VIA POSTUMIA N. 85
PONTE DI PIAVE (TREVISO), ITALY
CAPITAL STOCK LIRE 71.500.200.000 FULLY PAID
TREVISO COMPANY REGISTER: NO.15376
TAX CODE: 01413940261

Stockholders are advised that the Ordinary Meeting called for April 30, 1996, at 3.00 p.m. or, in second calling on May 7, 1996, at the same time, will be held in second calling at the Company's registered offices: Via Postumia 85, Ponte di Piave (Trevise), Italy.

Giuseppe Stefanini
Chairman

CREDIT NATIONAL
FRF 700,000,000 9.25% BONDS DUE 1999
with coupon reinvestment option
Common Code : 3081249 Stovam Code : 14461
According to the terms and conditions of the Bonds, notice is hereby given that 849 supplementary Bonds have been created upon exchange against Coupons on account of payment of interest.
New total nominal amount outstanding as of: 30/04/96: FRF 1 054 700 000
The Principal Paying Agent:
SOCIETE GENERALE BANK & TRUST, LUXEMBOURG

SOCIETE GENERALE
FRF 1,000,000,000
9.25% BONDS DUE 1999 WITH
COUPON REINVESTMENT OPTION
Common Code : 3063054
Stovam Code : 14460
According to the terms and conditions of the Bonds, notice is hereby given that 1143 supplementary Bonds have been created upon exchange against Coupons on account of payment of interest.
New total nominal amount outstanding as of: 30/04/96: FRF 1 475 200 000
The Principal Paying Agent:
SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

Advance Bank Australia Limited
US\$300,000,000
Floating Rate Notes 2000
The notes will bear interest at 5.63047% per annum for the interest period from 26 April 1996 to 26 July 1996. Interest payable 26 July 1996 will amount to US\$42.33 per US\$100,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

N.V. De Indonesische Overzeese Bank
US\$125,000,000
Floating Rate Notes 1997
The notes will bear interest at 6.175% per annum for the period 26 April 1996 to 26 July 1996. Interest payable 26 July 1996 will amount to US\$1,560.90 per US\$100,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

COMPAGNIE BANCAIRE
FRF 800,000,000 8.40%
BONDS DUE 1999
with coupon reinvestment option
Common Code : 3108708
Stovam Code : 14489
According to the terms and conditions of the Bonds, notice is hereby given that 663 supplementary Bonds have been created upon exchange against Coupons on account of payment of interest. New total nominal amount outstanding as of: 30/04/96: FRF 770 100 000
The Principal Paying Agent:
SOCIETE GENERALE BANK & TRUST, LUXEMBOURG

Daimler-Benz sees turnaround

By Wolfgang Münchau
in Frankfurt

Daimler-Benz, the German transportation group, wants to move from a DM6bn (\$3.94bn) net loss last year into a DM5bn operating profit in 1996, according to forecasts published yesterday.

The confident forecast suggests Germany's largest industrial group, whose chairman is Mr Juergen Schrempp, expects a generous financial return on the tough restructuring measures it undertook last year.

These included the downsizing at Daimler-Benz Aerospace (Dasa), its dissociation from Fokker, the Dutch regional aircraft subsidiary, and the dismantling of AEG, the industrial subsidiary.

The information was contained in a document outlining the "merger" terms between AEG and its parent group. Under new German disclosure laws, Daimler had to publish a forecast to justify the merger terms, which it put at one Daimler share in exchange for seven AEG shares.

In its forecast Daimler said it hoped to achieve revenues of DM132bn in 1996, compared with DM104bn in 1995.

Mercedes-Benz, the luxury car and truck maker will remain by far the largest contributor to profits. Mercedes expects sales of DM97bn, against DM72bn last year, and a twofold rise in operating profit to nearly DM5bn.

Dasa expects a turnover of DM15bn and an operating profit of DM270m, and Daimler-



Juergen Schrempp: expects generous return from restructuring.

Benz InterServices (Debis), the financial services and software division, expects sales of DM17bn with an operating profit of DM650m.

Daimler-Benz said the forecasts reflected "conservative

expectations which could nevertheless change with global economic developments and other underlying factors, such as most particularly the development of the US dollar exchange rate".

SKF gloomy on outlook as profits slip in first term

By Hugh Carnegie
in Stockholm

SKF, the world's leading supplier of roller bearings, blamed weak demand in Europe for a 10 per cent fall in profits in the first quarter and warned that it saw few signs of a resurgence this year.

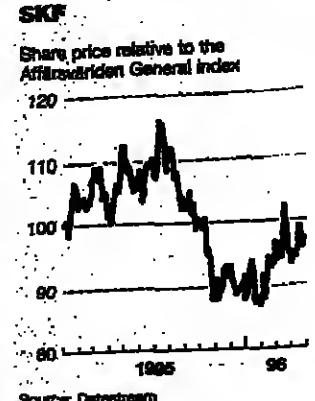
The widespread use of roller bearings - a component in almost every machine with moving parts - and SKF's global reach makes the Swedish group a useful gauge of economic trends.

SKF said sales in the US had remained strong and were slightly higher in the first three months than in the same period last year, despite a downturn in the US truck industry. "All three main segments - automotive, machinery industry and the after-market - showed similar development," SKF said. It said Asia continued to be a growth market and there were signs of recovery in Latin America.

But the company was gloomier about the outlook in Europe, where its own sales were below levels at the same stage last year in large part due to lower demand from the car industry.

The company said it could not foresee an upturn in the second half which many forecasters are predicting for key European economies.

SKF's first-quarter pre-tax profit of SKr31m (\$120m) was ahead of market expectations,



but well below last year's SKr907m. Net earnings per share fell from SKr6.05 to SKr4.60.

Group sales were down more than 8 per cent from SKr9.7bn to SKr8.9bn. The company said sales were hit by the effects of a stronger Swedish krona, which it said accounted for SKr700m of the fall.

However, sales were up slightly against the last quarter of 1995, when they reached SKr8.5bn, reflecting healthier markets outside Europe.

Profits were higher than most analysts had predicted, chiefly through a fall in the cost of goods sold from SKr6.7bn to SKr6bn.

Sales of roller bearings - by far the biggest division - fell from SKr3.1bn to SKr2.65bn while the unit's operating profits slipped from SKr731m to SKr706m.

German bank up but holds payout

By Frederick Stüdemann
in Berlin

Bankgesellschaft Berlin, Germany's sixth-largest banking group, announced a 25 per cent rise in pre-tax profits in 1995 to DM885m (\$588m) but said that because of weak economic growth it would not be increasing its dividend. Post-tax profits rose 12.8 per cent to DM476m.

The total assets of the group, whose main subsidiaries are Berliner Bank, Landesbank Berlin and Berlin Hyp, increased 14.4 per cent last year to DM291.6bn. Net interest

income rose 3.5 per cent to DM3.5bn. But there was an 11.5 per cent decrease in net commission income to DM282m.

The group, which was set up two years ago by a merger of Berlin's principal municipal and private sector banks and in which the state of Berlin owns a 56.8 per cent share, said that it was still in a state of a consolidation, which accounted for the unusually high 41.6 per cent increase in administrative expenditure to DM3.29bn.

Mr Hubertus Moser, chairman, warned that the group expected 1996 to be a difficult year. "Our assessment is that

risk potential will be considerably higher in 1996 than in previous years, particularly for small to medium-sized firms. Added to that comes over-extended public spending," he said. Because of this the group decided to hold the dividend at DM11 per DM50 share, Mr Moser said.

Furthermore, the latest information from collection agencies suggested that company failures in Germany would increase by 16 per cent this year to about 26,000. This follows an 18 per cent rise in company failures in 1995.

Mr Moser said he expected

the "turbulent" business climate in eastern Germany would continue to affect the group's business. In anticipation of this the group is to raise its level of risk provisions from just over DM700m in 1995 to DM800m this year.

Mr Moser said the group was still interested in acquiring an asset management company, despite its failure this year to take over the UK fund management company Gartmore.

The group was also planning to change the nominal value of its shares from DM50 to DM5 in a bid to attract a greater number of small shareholders.

Interbrew advances strongly and quashes flotation talk

By Neil Buckley in Brussels

Interbrew, the Belgian privately-owned brewer whose \$2bn acquisition of Canada's Labatt last year propelled it into the top ranks of world brewers by volume sales, said yesterday it had no plans to float, but confirmed it would sell its non-brewing assets to reduce debt.

Its comments came as it announced a strong increase in 1994-95 profits - although a change in year-end made direct comparisons impossible. Net profits for the 15 months to December

31 1995 were BFr3.46bn (\$110m), against BFr2.68bn for the year to September 30 1994.

Turnover rose to BFr41.39bn from BFr45.68bn, reflecting an increase in volume sales from 17.8m hectolitres to 28.2m hectolitres.

The latest figures included a five-month contribution from Labatt. But while it would not give the 12-month figure, Interbrew said results for the year to October 1995 showed a "clear improvement" on the previous year, even before Labatt's contribution.

After a year of aggressive interna-

tional expansion including not just the Labatt purchase but acquisition of the Dutch Oranjebroom breweries and a recent joint venture in China, there had been speculation Interbrew would seek a flotation. It was formed in 1987 through a merger of Belgium's two main breweries, and is still owned by the founding de Spoelberch, Van Damme and de Mevius families.

But Mr Paul de Keersmaeker, chairman, said flotation was "not on the agenda". "I have never tried to predict the future, but I know that in the short view there is no need to [float]

and we really don't think about it," he said.

But Mr de Keersmaeker said Interbrew would divest the non-brewing assets it acquired through the Labatt acquisition, including broadcasting, sport and entertainment, and battery interests. Mr Jo Van Biesbroeck, chief financial officer, said this was expected to reduce debt from about 50 per cent of total capital to about 40 per cent by the year end.

He hit out at analysts' suggestions after the Labatt acquisition that the group had paid too much, saying:

Labatt's results had exceeded forecasts and amply justified Interbrew's valuation.

The group expected strong growth to continue in the Americas, in its two Chinese ventures, and in its eastern European interests in Hungary, Romania, Croatia and Bulgaria. But it warned that the market in Belgium and elsewhere in western Europe was under great pressure and showing little growth.

The Americas are expected to contribute 60 per cent of this year's operating result.

Bankgesellschaft Berlin AG's 1995 Results

Investing in the Future



Satisfying Result in Our Second Year

The second business year of the Bankgesellschaft Berlin Group was again characterised by extensive measures to develop the Group structure and enter new fields of business. In spite of the resources required for these efforts, we recorded satisfactory new business development in all of our major divisions. The resulting increase in administrative expenses as well as the high level of risk provisions for our lending business contrast with profits realised in our securities portfolio. Group operating profit increased by 18% to DM 958 million. Income per share (DVFA result) rose to DM 24.70 from DM 21.00 in 1994.

Stable Dividend

In view of ongoing investments in the Group's future, we will propose an unchanged dividend of DM 11.00 after appropriations to reserves at our annual general meeting on 14 June 1996.

Solid Equity Base

Group equity capital amounted to DM 8.4 billion at year-end 1995. With a Tier I ratio of 8.2% and a Tier II ratio of 10.2%, Bankgesellschaft Berlin has a solid capital base for risk-conscious growth at its disposal.

Further Group Development in 1996

In 1996 we will continue to invest in the development of the Group's infrastructure. In spite of the challenging economic environment in our domestic core markets, we are confident of continuing our progress in the current financial year.

We will be happy to send you a 1995 annual report on request.

Bankgesellschaft Berlin AG
Press and Public Relations
Alexanderplatz 2
D-10178 Berlin
Tel +49-30-245-65509
Fax +49-30-245-65459

For Shareholders:
Investor Relations
Tel +49-30-245-66585
Fax +49-30-245-66393

Extract from the Group's Balance Sheet and P & L Statement (in DM million)	1995	1994	Change
Balance Sheet Total	281,553	246,154	+ 14.4 %
Customer Loans	154,822	145,420	+ 6.5 %
Customer Deposits and Securitised Liabilities	178,514	159,632	+ 11.7 %
Net Interest Income	3,501	3,581	- 3.5 %
Net Commission Income	628	710	- 11.5 %
Risk Provisions	723	968	- 25.3 %
Operating Profit	958	819	+ 18.0 %



55 من الأصل

Bayer cautious in spite of 'good start' to year

By Michael Lindemann in Bonn
Bayer, the leading German chemicals group, yesterday reported a 14 per cent increase in pre-tax income for the first quarter to DM1.16bn (\$782.2m) through productivity increases. But it warned that despite what it called a "good start" to the year, "economic uncertainty" in several European countries, especially Germany, was causing concern.

The group's annual general meeting, Mr Manfred Schneider, chief executive, said, however, that on the basis of present forecasts the group expected to achieve the 10 per cent rise in pre-tax income which it had predicted for 1996. "If exchange rates continue to stabilise and the world economic environment remains intact, we expect to be able to achieve a new record in earnings," Mr Schneider said. Apart from misgivings about

the state of the German market, the company also said that demand for its chemical products was declining but that it expected this fall to be short-lived. The increase in North American sales, which rose 16 per cent in the first quarter to DM2.9bn, was expected to continue, the company said. Group sales in the first quarter overall rose by DM485m, or 4.2 per cent, to DM12.2bn, but Bayer said this was "almost

entirely" due to the first-time consolidation of the ABS plastics business purchased last year from Monsanto, of the US. The printing plate business, acquired last year from Bayer's rival Hoechst, also helped first-quarter turnover to rise, the company said, as did the acquisition of the Florasynth group. Although first-quarter Asian business had been slowed by the strength of the yen, exchange rate movements in the first quarter had "largely

offset one another", the group said. The healthcare business, the largest of Bayer's six divisions representing 24 per cent of group turnover, contributed 3 per cent to the quarterly rise in sales. Polymers moved ahead by 5 per cent, while the group recorded "strong gains" in its plastics business. Bayer said that it had 143,700 employees at the end of March, an increase of 800 over the

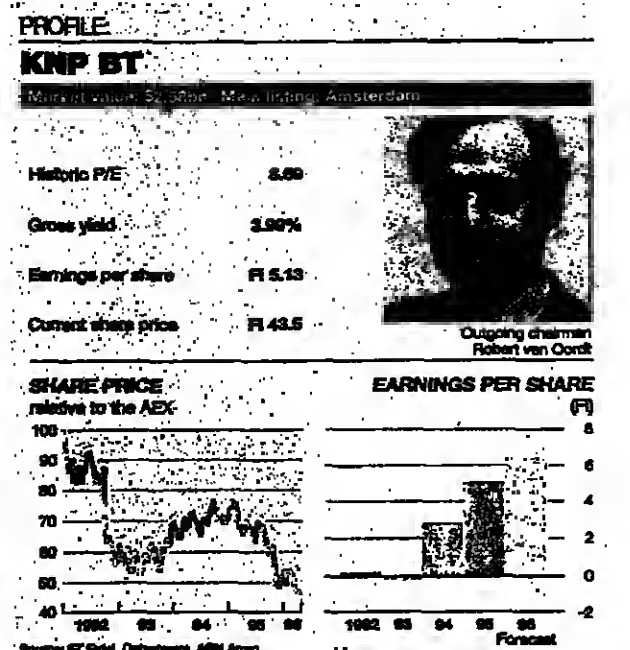
first quarter because of new acquisitions. Lufthansa, the German airline, said it carried 9.1m passengers in the first quarter, up 4.4 per cent from 8.7m passengers in the year-ago period, reports AFP News from Frankfurt. Freight and mail volume rose to 895,600 tonnes from 885,400 the previous year. The passenger load factor slipped from 68.3 to 66.9 per cent while the overall load factor fell from 68.3 to 68.3 per cent.

KNP BT shares slide after sharp first-term reverse

By David Brown in Amsterdam

KNP BT, the Dutch paper, packaging and distribution group, yesterday saw its share price slide 8 per cent after it revealed an unexpectedly steep slide in first-quarter performance and predicted a drop in 1996 net profits. The market wiped FI 3.50 off KNP BT's share price, which closed in Amsterdam at FI 40, after the company revealed that profits had plummeted from FI 1.12 to just FI 0.40 a share. Year-on-year, the net profit from operations fell from FI 121m to FI 50m (\$39.4m) after paper prices slipped into a tail-spin. Overall group sales declined from FI 3.65bn to FI 3.4bn.

KNP BT's Leykam paper operation saw sales tumble from FI 777m to FI 586m. Despite extensive restructuring efforts, the operating result slipped from a positive FI 165m to a loss of FI 7m. Customers, mindful that pulp prices had hit "an all-time low", reduced stock and delayed orders, the company said. Capacity utilisation of paper machines fell as production was packed. Leykam was forced to write down its own stocks. KNP BT said the extreme weakness in prices may "indicate an approaching change". However, it added that "it is difficult to forecast when this will be exactly". The group said its packaging division - where adjusted sales slipped from FI 966m to FI 784m - was able to improve margins as a result of low prices for waste paper. This is the most important raw material in its production of solid and corrugated board. Demand was now weak for corrugated board, but solid board and solid board packaging were still suffering from declining volume sales. The decline in the first quarter operating result for this division - from FI 94m to FI 79m - was attributed to the fact that several operations were either sold or deconsolidated over the past 12 months.



On a comparable basis, the company said, earnings were unchanged. Overall, packaging was on a path to recovery. KNP BT's important distribution arm generates the bulk of group sales. Turnover in this unit, which has been particularly acquisitive in US and German office products distribution, advanced from FI 2.15bn to FI 2.23bn. The distribution division now includes the results of paper merchants formerly grouped under the Leykam unit. It saw its operating profit slide from FI 84m to FI 62m. The company cautions that further write offs might become necessary if prices further decline. In contrast, the expansive BT Office Products International unit turned in "good" results, the company said.

Akzo slips 9% in opening quarter

By David Brown

Akzo-Nobel, the Dutch chemicals and pharmaceuticals group, yesterday reported a 9 per cent drop in net profits before extraordinary items to FI 332m (\$195m) for the first quarter ending March. Operating income during the same period declined year-on-year from FI 653m to FI 494m on sales ahead 1 per cent at FI 5.64bn. On balance, the company said, volume sales declined 2 per cent while selling prices advanced 3 per cent. The earnings slump was most pronounced in the chemicals division, which generated FI 2.07bn in sales. Operating income fell from FI 217m to FI 184m amid fierce competition in the catalyst sector together with low sales volume and weak prices in PVC, the company said. Akzo is one of the world's leading paint producers. Its coatings division, which generated turnover of FI 1.71bn, posted a 20 per cent decline in operating profit from FI 101m to FI 81m, due primarily to the harsh European winter, which

put severe pressure on the group's decorative coatings unit. Akzo's first-quarter results were also damaged by a controversy over its so-called third-generation contraceptive pills, which were said to cause hazardous clots of the blood. This particularly hit sales in Germany and the UK. Some analysts believe consumer concerns will fade during the course of the year following a recent decision by the European drugs council to retain the status quo on guidelines governing the prescription of these pills. During the three months to March, the pharmaceuticals division generated FI 153m in operating income, up FI 3m, on sales of FI 955m. In fibres, profits were roughly unchanged at FI 45m, despite a divestment of the packaging resins operation, on sales of FI 902m. Overall, Akzo-Nobel reiterated its forecast that 1996 earnings should be of the same order as last year, assuming the second half brings the expected economic upswing.

Moody's lowers Vereinsbank rating

The select club of Aaa-rated banks lost a member yesterday when Moody's Investor Services, the international credit rating agency, downgraded Bayerische Vereinsbank to Aaa1. Moody's said Vereinsbank, the fourth-largest German private sector bank, had "consistently strong asset quality", but its earning power over the medium term would be hit by "tighter competition in an overbanked and static market". The downgrading leaves only 18 banks, most of them German and Dutch, with Moody's highest rating for long-term debt - an accolade which can reduce their cost of borrowing. Standard & Poor's, Moody's arch-rival in the ratings business, grades Bayerische Vereinsbank only for its short-term commercial paper programme, and has not assigned it a long-term rating. The Moody's downgrade affects only Vereinsbank's senior unsecured debt and long-term deposits. Ratings for its short-term deposits, commercial paper, financial strength and mortgage-backed bonds, which are more important for its funding costs, were confirmed at Moody's highest grades. George Graham, Banking Correspondent

Swiss Re continues advance

Mr Lukas Muehleemann, chief executive of Swiss Reinsurance, said he expected a substantial improvement in the company's 1996 net profit, but said the gain would not be as large as the 1995 increase. Mr Muehleemann told the results news conference that damage claims in the current year look to be similar to the low rates seen in 1995. He said it remains the company's intention to achieve a 15 per cent return on equity by 1998. In 1995, the company posted net profits up 53 per cent from SFr708m to SFr1,088m (\$882m), in line with expectations. Gross premiums were unchanged at SFr12.9bn. The board proposed a dividend of SFr22.50, higher than expected, against SFr15 for 1994. AFZ News, Zurich

Christiania Bank, the Norwegian bank, posted first quarter net profits down 24 per cent from Nkr738m to Nkr656m (\$96m). Earnings per share fell from Nkr1.34 to Nkr1.01. Net interest income fell from Nkr999m to Nkr858m. Operating profits before loan loss provisions rose from Nkr452m to Nkr498m, while profits after loan loss provisions declined from Nkr798m to Nkr562m. AFZ News, Oslo

Enroc, the Swedish cement group, reported a first quarter loss after financial items of SKr137m (\$20.3m) compared with a SKr14m operating quarter last time. The group incurred an operating loss of SKr41m against a SKr180m profit last time, on deliveries of SKr2,696bn compared with SKr3bn. The net loss was SKr146m against a profit of SKr86m. Enroc said it would change its name to Scancoem. "No larger improvement in profits is expected in 1996 compared with 1995, when the net profit was SKr655m," said Mr Sven Ohlsson, Enroc's chief executive. AFZ News, Stockholm.

Two Spanish banks report better than expected results

By David White in Madrid

Two of Spain's big banks - Banco Santander and Argenta - yesterday both announced higher-than-expected increases in consolidated first-quarter earnings, citing an improvement in operating income. Banco Santander, the country's leading and most international banking group, raised attributable net profits by 13.7 per cent over the same period last year to Pt20,05bn (\$199m). Overall, including minority interests, the group scored a 22.9 per cent increase to Pt24.47bn. This reflected a hefty 62.4 per cent boost in operating profit, achieved in spite of a growth of more than 8 per cent in operating costs. The bank said the higher costs were largely the consequence of acquisitions made since last spring and the launching of new businesses. The group's fee income meanwhile grew by almost 17 per cent to Pt3,72bn while income from financial operations rose sharply from Pt1.7bn in the 1995 first quarter to Pt2,76bn. Santander said the result would have been even stronger as a result of a paper gain of Pt16.61bn in the US resulting from the exchange of its holding of First Fidelity for 11 per cent in the First Union, under a merger completed on Janu-

ary 1. It said that because of the exceptional nature of this transaction it had assigned the earnings to strengthen provisions in the group's balance sheet. The balance sheet total increased in the last 12 months by just over 10 per cent to Pt17,300bn. Customer loans rose 14.5 per cent to Pt6,700bn. The level of coverage for non-performing loans rose from 83 per cent to 88 per cent. Excluding Banesto, the Spanish banking group in which Santander took a controlling interest two years ago after a rescue operation, coverage was more than 110 per cent. Without the Banesto takeover, the bank said its attributable net profit would have been Pt3,31bn higher. Santander has proposed a final fourth dividend for 1995 of Pt81 a share, raising the total for the year to Pt280, an increase of 7.7 per cent. Mr Emilio Botin, chairman, said in a letter to shareholders that the bank's recent \$450m operation in Chile, where it will control a merged bank formed by its own subsidiary and Banco Osorno, would bring in profits from next year. Argenta, the partially state-controlled group in which the state last month halved its stake to 26 per cent, reported a 12.3 per cent increase in attributable net profit for the quarter to Pt22,39bn, compared

with Pt19,94bn in the same period last year. Operating earnings were 83 per cent up at Pt24,59bn. The bank said this was due in part to success in controlling costs. Personnel costs showed an increase of 1.9 per cent, while other administrative costs - including the costs linked to the recent share offer - rose 3.9 per cent. A sharp fall in non-performing loans enabled the group to reduce net provisions for insolvency by 13 per cent to Pt7,94bn, Argenta said. The group's total assets were almost 5 per cent higher than a year ago, at Pt12,600bn. Clients' funds increased by more than 14 per cent to Pt6,302bn. The volume of investment funds managed by the group, at Pt4,847bn, showed an increase of Pt1,48bn since the end of last year and a 50 per cent growth over the last 12 months. Banco Santander's share price rose Pt110 to Pt26,160, while Argenta's slipped by Pt10 to Pt25,370. Meanwhile, amid renewed rumours of a further concentration in the Spanish banking sector, Banco Popular denied a newspaper report suggesting it might take a stake in Banco Central Hispanoamericano. BCH in turn issued a statement saying it had not been buying Banco Popular shares on its own account or anyone else's with the aim of obtaining control.

Crédit Lyonnais, Allianz upbeat on insurance sales

By Andrew Jack in Paris

Allianz, the German insurance group, hopes to sell FFr100m (\$19.5m) in policies by the end of next year through its alliance with Crédit Lyonnais, the French state-owned bank, with a rapid acquisition in the future. In the first public statement since the two financial institutions signed an agreement last year, Crédit Lyonnais said yesterday that it had already begun selling Allianz's household and health insurance policies and would launch motor insurance sales in spring next year. The accord between Crédit Lyonnais and Allianz is one of the most significant in a range of such "banassurance" deals struck in the past few months in France. Mr Jean Peyrelevede, chairman of Crédit Lyonnais, said he believed the French banks had already won the battle

against insurers to sell life insurance policies, capturing more than half the domestic market. Crédit Lyonnais has its own subsidiary for the purpose, called UAF. However, the more specialist skills required to manage non-life policies have tempted many banks to seek insurers as partners. The last figures for 1994 showed that they held just 3 per cent of the French market for non-life sales. Under the accord, Allianz pays Crédit Lyonnais a commission for each insurance policy sold. Mr Peyrelevede said he expected a sharp increase in sales of the policies in the next few years, and said purchases by one in 10 of the bank's clients by 2000 "would not be bad". He said the bank was spending "several tens of millions of francs" in training its staff so they met the criteria of quality and client selection required by Allianz.

Mr Peyrelevede said that in the future the policies were likely to be sold increasingly by telephone and by computer, as well as in its branches, in line with the trend for other banking products. Mr Henning Schulte-Noelle, chairman of Allianz, rejected suggestions that there was tension created by the accord, in spite of the group's existing network of sales agents based in France. Mr Schulte-Noelle said the continued existence of this network and said the accord would continue to have the exclusive use of the group's name on the products, while those sold through the Crédit Lyonnais agreement would be marketed under the bank's name. Mr Peyrelevede said that Crédit Lyonnais had no intention at present to seek outside investors for UAF. However, if it ever did so, Allianz would have the right of first refusal.

DIALOG

WITH INVESTOR

SKW 1995 sales of DM 3.9 billion exceed expectations

Group results of DM 281 million best in company's history

Dividend increase to DM 1 per DM 5 share proposed

SALES/RESULTS DEVELOPMENT \$4/95
SKW-GROUP
in DM million

FUTURE-ORIENTED STRUCTURE OF SKW CORE DIVISIONS

The Nature's Products Division achieved good results, particularly with natural food additives. In the first year of SBI's integration into the group despite higher raw material costs and the decline in the dollar and other currencies. The salt business of BHS - Bayerische Berg-, Hütten- und Salzwerke AC was merged into the newly founded Südsalz GmbH in 1995 in which BHS holds a majority stake. The company is Germany's leading supplier of table salt. Despite the slump in the construction and building sector in Germany in 1995, SKW's Building Chemicals Division improved its results. This was largely due to the extensive application of SKW's products in the renovation, restoration and repair sector. SKW's subsidiaries in West Europe and its US subsidiary ChemHex profited from stable demand in the building sector. In the Chemical Division, the first-time consolidation of successful participations in the chemicals for metallurgy sector in 1995 and the positive developments in major markets in Europe and North America led to solid growth. In combination with the growing share of "Added-Value" products in industrial and fine chemicals and the niche approach in agrochemicals this led to a good development of business and a sizeable increase in sales in the division as a whole.

SUCCESSFUL SPECIALIZATION AND GLOBALIZATION

The Group results from operating activities of DM 281 million was the best in the company's history. Foreign business grew to 54% of Group sales in 1995 from 35% the year earlier. Even in an environment of slower economic growth SKW is well positioned to secure stable growth. The ongoing process of innovation resulting from SKW's "Mixology through Technologies" approach, new and improved services, and efficient cost management are the cornerstones of the company's strong standing in the market in the long term. The outlook for 1996 is therefore promising.

DIVIDEND TO RISE TO DM 1 PER DM 5 NOMINAL SHARE

In order to let SKW shareholders participate adequately in the positive development of the company's results the Board of Management is proposing an increase of the dividend to DM 1 per share (from DM 0.875) with a nominal value of DM 5. As announced at the time of the IPO, the dividend will be paid for the full financial 1995 despite the fact that the company went public in May. In view of the company's excellent potential, experts believe that SKW shares are still undervalued.

SKW TROSTBERG AG
Investor Relations
P.O. Box 1262, D-83303 Trostberg, Germany
Telephone (8421) 86-2430
Fax (8421) 86-2040
A COMPANY OF THE VIAG-GROUP

سكدا من الأصيل

COMPANIES AND FINANCE: THE AMERICAS

Airline results continue steep rise

By Richard Tomkins in New York

US airline results have begun to fall into a pattern. Each quarter, analysts produce forecasts of big increases in profits; as the results draw nearer, they upgrade their forecasts; then, when the results themselves come out, the figures surpass even the most optimistic expectations.

This year's first quarter has proved no exception. Nearly all US airlines have done much better than expected. The industry as a whole is enjoying its most prosperous period since the boom of the late 1980s, and the airlines are surprising even themselves with just how much money they can make when things go well.

To some extent, the industry is the passive beneficiary of the strength of the US economy: more economic activity means more travel. Paradoxically, passenger numbers have not risen greatly. But greater demand for air travel travel means airlines have been able to stop filling aircraft with passengers flying at give-away fares and replace them with passengers paying something nearer full price.

Meanwhile, the airlines have benefited from earlier cuts in capacity they made in an attempt to stem the losses of the early 1990s. With fewer aircraft flying on many routes, demand for seats on the remaining aircraft has gone up, leading to healthy increases in load factors.

Nevertheless, investors approached this year's first quarter with caution. The reason: until the end of last September, US airlines had enjoyed exemption from a transportation tax costing 4.3 cents per gallon of fuel, but because of the budget impasse in Washington, that exemption



Table titled 'US AIRLINES: FIRST-QUARTER RESULTS' showing Revenue and Net Income for various airlines in 1995 and 1996.

was not renewed. On top of that, fuel costs themselves had been rising fast: they were up 7 cents a gallon in March alone.

US airlines also suffered the cost of widespread delays and cancellations resulting from unusually severe winter weather.

In the event, however, these extra costs were easily outweighed by another factor. As a result once again of the budget impasse, an excise tax of 10 per cent on airline tickets expired at the end of last year, and was renewed.

probability be a temporary phenomenon, it is not about to disappear. According to the Air Transport Association, the US industry body, the budget deal thrashed out in Washington this week leaves airline taxation unaltered, so airlines will go on paying the fuel tax but getting relief from the excise tax on tickets.

The fact that this arrangement operates greatly to the airlines' benefit was vividly illustrated when AME, parent company of American Airlines, opened the first-quarter results season last week. The company reported an increase in net income from \$37m to \$157m, equivalent to earnings per share of \$1.84 - far in excess of the \$1.54 predicted by analysts. On the same day Trans

World Airlines, which came out of its latest spell of chapter 11 bankruptcy protection only last year, reported a cut in net losses from \$123m to \$37m - and said it had spent \$18m during the quarter on training hundreds of pilots and flight attendants for an expected upsurge in travel this summer.

At first sight Northwest Airlines seemed to be an exception to the general trend, but its figures were distorted by a preferred stock transaction last year.

Without this, and before preferred stock dividends, it said it had its best first quarter ever, with net profits up from \$2.6m to \$58.4m.

UAL, parent company of United Airlines, was another company reporting figures muddied by special factors: but stripping out the costs of its employee stock ownership scheme, it said net earnings were up 78 per cent to \$105m - far ahead of analysts' forecasts.

If there were disappointments in the airlines' figures, they came mainly from Southwest Airlines and USAir. Although Southwest's net income jumped from \$11.8m to \$83m, analysts had hoped for a little more. USAir, still struggling with the highest cost structure of any US airline, stayed heavily in loss, partly because of the severe winter weather.

Delta Air Lines rounded off the reporting season yesterday with a mixed message. It had record first-quarter results at the operating level, but after restructuring charges of \$650m before tax, caused by job cuts and write-downs on aircraft retirements, it had net losses of \$276m, compared with losses of \$11m last time: and warned of another \$300m restructuring charge this quarter. See Lex

NEWS DIGEST

Dow Chemical slips 16% in first period

Dow Chemical reported a 16 per cent drop in first quarter net income to \$476m, with sharp falls in commodity chemicals partly offset by resilience in performance chemicals and plastics. Plastics sales were down 15 per cent to \$828m and profits down 62 per cent to \$170m. The US group said prices in the quarter were down 27 per cent, but had started to recover at the end of the period because of increased global demand.

Sales in the chemicals and metals division were down 13 per cent to \$726m, with operating income 38 per cent lower at \$190m. This was blamed on lower prices for vinyl chloride monomer and weaker demand from the pulp and paper industry.

Performance plastics increased profits 72 per cent to \$317m on sales up 6 per cent to \$1.3bn. Performance chemicals held profits flat at \$347m on sales down 6 per cent to \$1.1bn. Agricultural chemicals saw profits depressed by late planting in North America owing to the severe winter, but Dow said it expected recovery this quarter. Group sales were 4 per cent lower at \$5.0bn. Earnings per share from continuing operations were down 6 per cent at \$1.30. Dow's shares fell 4% to \$87 in early trading. Tony Jackson, New York

AlliedSignal ahead and upbeat

AlliedSignal, the diversified US manufacturer, raised first-quarter net income 14 per cent to \$235m, or 90 cents a share - the 17th consecutive quarter of growth at or above that rate. The company said it was confident earnings growth for the year would be within the target range of 13-17 per cent.

Earnings from auto components were up 16 per cent to \$72m on sales up 7 per cent to \$1.5bn. This included results for the brake business sold to Robert Bosch of Germany for \$1.5bn earlier this month. Aerospace earnings were up 9 per cent at \$71m on sales up 14 per cent to \$1.3bn. New business in the quarter included a contract worth up to \$700m to supply GE Capital with parts for Boeing 737 aircrafts.

The engineered materials division, comprising plastics, fibres and advanced materials, raised earnings 16 per cent to \$108m on sales up 13 per cent to \$1.0bn. Sales growth was attributed both to acquisitions and internal growth, while margins were helped by a slowdown in raw material prices. Group sales rose 11 per cent to \$3.8bn. Tony Jackson

Imperial Oil CS250m tax boost

A CS250m (US\$191m) tax refund for 1974-90 pushed first-quarter net profit at Imperial Oil, Canada's biggest integrated oil company, to C\$374m, or C\$1.99 a share, from C\$327m, or 66 cents, on revenues of C\$2.4bn against C\$2.3bn. The refund was partly offset by a C\$25m after-tax exchange loss on redemption of US debt. Before special items, earnings were C\$149m, up 15 per cent. Robert Gibbens, Montreal

Canada pulp and paper companies report mixed quarter

By Robert Gibbens in Montreal

Canadian timber, pulp and newsprint producers have reported mixed first-quarter earnings, reflecting firm prices but declining demand.

However, the companies warned that over-supply - which is now depressing markets - and mill shutdowns would mar second-quarter results. They are confident that inven-

tory correction has begun in North America and markets will improve late in the year.

Those integrated companies with heavy output of pulp sold on the open market are being hit by the 50 per cent drop in prices in the past year. Companies' timber operations have held up because of seasonally good US demand and some firming in Japan. Avmor, one of North America's big-

gest timber, pulp and newsprint producers, earned C\$40.2m (US\$29.5m), or 90 cents a share, in the first quarter, down from C\$66.4m, or 99 cents, a year earlier, on sales of C\$425m against C\$673m. Pulp prices dropped sharply although newsprint held up well.

Domtar, the timber, pulp, fine paper and packaging materials group, posted first-quarter net profit of

C\$20m, or 14 cents a share, down from C\$75m, or 58 cents, a year earlier, with severe price declines in all the main sectors, and lower shipments.

Sales were C\$496m against C\$527m. Domtar said tight cost control would continue.

Stone-Consolidated, controlled by Chicago's Stone Container, earned C\$79m, or 76 cents a share, up from \$21.3m, or 31 cents, a year earlier, on

sales of \$673m against \$333m. The results include a newsprint acquisition last November.

Domolme, controlled by the Quebecor printing and publishing group, earned C\$85.2m, or 65 cents a share, against \$46.2m, or 59 cents, on sales of \$340m, against \$348m.

Alliance Forest earned C\$20.6, or \$1.18 a share, up from \$17.3m, or 97 cents, on sales of \$112m against \$93m.

MARGINED CURRENCY DEALING. CALL TOLL-FREE. Alliance Managed Accounts. Limited liability guaranteed. Lowest margin deposits.

NOTICE OF REDEMPTION. MORTGAGE SECURITIES (NO.3) PLC. £117,000,000 Multi-Class Mortgage Backed Floating Rate Notes due 2035.

ALLIANCE LEICESTER. Alliance & Leicester Building Society. £13,000,000 Subordinated Floating Rate Notes due 1998.

ANZ Bank. Australia and New Zealand Banking Group Limited. U.S. \$300,000,000 Floating Rate Notes due 1998.

APPOINTMENTS

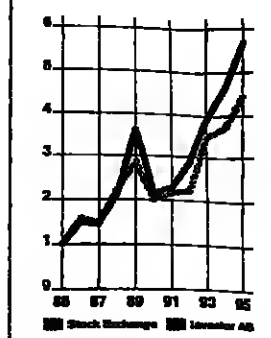
HEAD DERIVATIVE TRADER. This leading international, city-based, investment group requires a senior derivative trader to spearhead starting swap related business worldwide.

Les Echos. Canadian timber, pulp and newsprint producers have reported mixed first-quarter earnings, reflecting firm prices but declining demand.

ANNUAL GENERAL MEETING INVESTOR AB

Shareholders in Investor AB are hereby notified of the Annual General Meeting to be held on Tuesday, May 14, 1996, at 6.00 P.M. at the Kungliga Tennishallen (The Royal Tennis Hall), Lidingsvägen 75, Stockholm, Sweden.

PARTICIPATION. Shareholders wishing to participate in the Meeting must be recorded in the register of shareholders of the Värdepapperscentralen VPC AB (VPC), the Swedish Securities Register Center, at the latest Friday, May 3, 1996, and notify the Company of their intention to participate at the very latest by 1.00 P.M. Thursday, May 3, 1996.



AGENDA. 1. The election of Chairman of the Meeting. 2. The drawing up and approval of the voting list. 3. The election of two persons to attest to the accuracy of the minutes.

AMENDMENTS TO CONVERTIBLE CONDITIONS. As a result of the proposal regarding the special cash dividend and the covered warrants offer, the Board of Directors has decided to propose to the Meeting Monday, June 3, 1996.

AKZO NOBEL. The Board of Management of Akzo Nobel N.V. - formerly Akzo N.V. - announces that on April 25, 1996 the results for the first quarter of 1996 were published.

DIVIDEND NOTICE. PLACER DOME INC. Notice is hereby given that a regular quarterly dividend, being Dividend No. 36 of seven and one-half U.S. cents (7 1/2¢) per share, is to be paid on the record date of June 24, 1996.

U.S. \$75,000,000 SWEDBANK (Sparinvestorernas Bank) Subordinated Floating Rate Notes due 1997. Notice is hereby given that for the three months period from April 26, 1996 to July 26, 1996 the Notes will carry an interest rate of 6.75% per annum.

سكوا من الأصل

Europe pricing switch holds P&G to 22% growth

By Richard Tomkins in New York

The cost of switching to "everyday low pricing" in Europe held back Procter & Gamble's European profits growth in its third quarter to March, the US consumer goods company said yesterday.

However, the weakness in European profits was outweighed by a strong performance in the US market, and the company reported an overall increase of 22 per cent in net profits to \$780m.

Last year Procter & Gamble

took a \$50m charge for costs resulting from the Kobe earthquake in Japan. Without that charge, the increase in third quarter net profits would have been 12 per cent.

Revenues rose 3 per cent to \$8.6bn, operating profits rose by 12 per cent to \$1.2bn, and fully diluted earnings per share rose by 25 per cent to \$1.01.

Mr. John Pepper, chairman and chief executive, said the quarter's world-wide volume growth was "below what we normally would like", but reflected the pricing initiative

in Europe which would "build consumer values over time".

Procter & Gamble this year adopted a new pricing strategy in Europe modelled on its everyday low pricing strategy in the US, which was adopted four years ago and has proved a big success.

As in the US, the European strategy is intended to fight competition from cut-price brands and own-label products by cutting promotional offers and discounts in favour of everyday low prices.

In the short term, however, the transition meant a hiatus

in Procter & Gamble's European volume growth. Procter & Gamble said volumes, revenues and earnings were about flat in its Europe, Middle East and Africa region, owing to the combined effects of value pricing in key western European markets and a strong performance in the comparable period.

In contrast, North America achieved 4 per cent growth in unit volumes, 6 per cent growth in revenues and a 19 per cent surge in earnings. Procter & Gamble said lower costs helped profits growth.

Laundry and cleaning products led North America's unit volume growth, and the paper products business had particularly strong net earnings, thanks to falling pulp prices. However, the region's health care business was hit by tough competition in over-the-counter health care products.

In Asia, volume rose 16 per cent, revenues rose 4 per cent and earnings rose 11 per cent. But volumes in Latin America, hit by weakness in the Mexican market, fell by 9 per cent, and the region's revenues and earnings fell by 4 per cent.



John Pepper: world sales 'below what we would like'

NEWS DIGEST

Consumer groups' earnings disappoint

Third-quarter earnings from both Sara Lee and Quaker Oats fell short of expectations, pushing down the consumer groups' shares. In morning trading, Quaker's shares slipped 3% to \$34, while Sara Lee's shares were 3% lower at \$27. This was despite record sales and earnings at Sara Lee, with the first double-digit increase in earnings per share for six quarters. Net income rose 9 per cent to \$166m, and fully-diluted earnings per share were up 10 per cent to 32 cents. For the nine months, net income was \$583m, up from \$508m, and earnings per share were \$1.14, compared with 99 cents. The group said all four of its business sectors increased profits.

Quaker Oats said its results were hit by a business realignment, including the sale of its North American pet foods business, but this would "position Quaker for greater profitable growth". Third-quarter results included a \$18m gain before tax, worth \$2.43 a share, from asset sales. Excluding that, earnings per share were down from 54 cents in the third quarter of the previous financial year to 30 cents. For the nine months, earnings per share were \$1, excluding the gain, compared with \$1.51.

Maggie Urry, New York

Leisure stake helps Xerox lift earnings 61%

By Tony Jackson in New York

First-quarter earnings at Xerox, the US photocopier group, rose 61 per cent to \$37m on revenues up 4 per cent to \$3.9bn. The rise in earnings was helped by Xerox raising its stake in Rank Xerox, the diversified leisure group, from 51 per cent to 71 per cent in February last year.

While revenues from Xerox document processing rose 4 per cent to \$3.9bn, Rank Xerox's revenues fell 2 per cent in local currency terms. Xerox said this was due partly to economic weakness - Rank Xerox operates in Europe, Africa and parts of Asia - and that it expected the revenue decline to be temporary.

US revenues grew 5 per cent. Revenue growth in Latin America was 16 per cent, due to strong growth in Brazil and recovery in Mexico. Group earnings were also helped by a cut in the Brazilian tax rate.

Sales of digital printing products were up 19 per cent in local currencies, to reach 27 per cent of Xerox sales (excluding Rank Xerox). Sales of black and white copiers, representing 59 per cent of revenues, were flat.

Xerox said the sale of its Talgen and Resolution insurance businesses was due for completion by mid-year. By the end

of March, shares worth \$31m had been bought back under a \$1bn programme instituted in February.

Xerox this week launched the world's first high-speed, low-cost digital colour copier at an industry show in New York, writes Paul Taylor.

The DocuColor 40 machine is capable of producing 40 colour pages a minute and is designed to bring short-run colour copying to business users and help Xerox meet the growing demand for digital colour document production systems.

The market for on-demand colour is growing by about 30 per cent a year and is expected to reach \$12bn in the US alone by the end of the decade.

Last year Xerox's revenues from colour systems rose 45 per cent to \$600m, making it one of the group's fastest-growing businesses.

The new system, which costs about \$130,000, is more than five times faster than the leading colour copier/printer and costs about half as much as digital presses.

The system is designed to work with a wide range of "front-end" software packages.

"This will revolutionise the colour market," said Mr Brian Stern, president of Xerox office document products group. "We have broken the 'sound barrier' with this product."

TV terrier snaps at Televisa's heels

Azteca is gaining from synergies and alliances, says Leslie Crawford

Televisión Azteca, an upstart broadcaster in a country where Televisa rules supreme, is the main culprit behind the Mexican media giant's poor first quarter results.

In an unusual step for a privately-owned company, Azteca published its financial results for 1995 on the same day that Televisa reported losses of 396m pesos (\$83.5m) for the first quarter of 1996.

It was not a coincidence. Azteca, which is planning to seek a listing on the Mexico City stock exchange later this year, reported a 15 per cent increase in 1995 sales to 654m pesos and an operating margin of 35 per cent. In addition, the company said its advertising bookings for 1996 had increased 123 per cent compared with the previous year, which is expected to give Azteca about one-fifth of Mexico's television advertising market.

For Mr Ricardo Salinas Pifgen, the youthful owner of the Elektra chain of retail stores, the purchase of two all-thing government television networks which struggled to scratch together a 10 per cent audience share three years ago has been a gamble that paid off.

With no experience in television, Mr Salinas (unrelated to former president Carlos Salinas) paid \$650m in 1993 for two networks, had, by his own admission, "had poor transmission systems, no management, no accounting history and not

equity stakes in the company when the bonds mature in late 1997. NBC also has an option to acquire a 10 per cent to 20 per cent stake in Azteca under the terms of their programming agreement.

In addition, shareholders in Elektra, Mr Salinas's successful retailing outfit, are growing increasingly nervous over the level of cross-subsidy which is going on between the companies.

When Elektra announced earlier this month that it had acquired a 14.5 per cent stake in Azteca for \$107m, Elektra's stock price, which had risen by 55 per cent in nominal terms since the beginning of the year, promptly lost 12 per cent of its value. Equity analysts expressed concern that Elektra was sinking money into Mr Salinas's private television venture rather than using its cash reserves to pay off debt.

Mr Salinas predicts Azteca's advertising revenue will produce net earnings of \$70m in 1996. He plans to set up his own studios for the production of in-house "telenovelas", the lachrymose soap operas to which Mexicans are addicted. Azteca has bought a football team (Televisa owns many), and next month will launch a record company.

Mr Salinas says he also plans to float Televisión Azteca on the Mexico City stock market later this year or early next.

Going public appears to be dictated by two concerns: Azteca's \$236m debt is held in the form of convertible bonds by a syndicate of three Mexican banks, which want to sell their

lapsed. Elektra, which sells cookers, TV sets and other electrical goods to lower-income groups, and also runs a profitable side-line in money transfer services, saw only a 3 per cent fall in net sales to 2,850 pesos (\$384m) last year, while profits increased marginally to 362m pesos.

Mr Salinas says Elektra's equity stake in Azteca came with a advertising deal which gives his retail chain lots of nearly-free airtime for the next 10 years.

The sale of Elektra's money transfer business to Western Union Financial Services, a subsidiary of First Data Corp of the US, has also allowed Elektra to retire all but \$50m of the company's \$180m debt. And as a result of the retail chain's lower financial costs this year, Mr Salinas predicts Elektra's profits will double to 600m pesos in 1996.

Mr Salinas says Elektra is planning a \$100m eurobond issue later this month, one-third of which will be used to cancel supplier debts and the rest to back up new investment opportunities.

While Mr Salinas believes the synergies between Elektra and Azteca are self-evident, he has yet to show that his fledgling television networks can stand alone.

"My strategy is to maul Televisa's premier channels," he boasts, "get their ratings down; splinter their audience." Fighting talk from a businessman aiming his slingshot at a Mexican Goliath.

Stake sales help boost BCE

BCE, Canada's biggest telecommunications company, posted first-quarter earnings of C\$254m, or 74 cents a share, up from C\$155m, or 42 cents a share a year earlier, on revenues of C\$6.1bn, up 11 per cent from C\$5.5bn. The latest quarter included net special gains equal to 18 cents a share against 12 cents a year earlier. The 1996 quarter included a C\$50m gain on the sale of BCE's interest in Clear Communications in New Zealand.

BCE received a bigger contribution from Northern Telecom, its equipment affiliate, and from BCE Mobile, the wireless communications unit. Bell Canada, the fully-owned telecommunications utility, made a contribution of C\$155m, up from C\$96m, as rationalisation began to lower operating expenses. Its operating revenues were C\$3.1bn against C\$1.85bn, reflecting growth in optional services and higher local rates.

Robert Gibbins, Montreal

Price weakness hits US Steel

The slide in steel prices during the second half of 1995, along with disruptions caused by severe winter weather, led to a 33 per cent fall in post-tax earnings at US Steel during the first three months of this year. The biggest US steelmaker also warned that an accident at its largest blast furnace on April 2 would have a "significant negative impact" on its results for the second quarter.

US Steel's fall in net income, to \$46m, or 49 cents a share, echoes results reported by the country's other big producers in recent days. Steel shipments in the quarter, at 9.5m tons, were 8 per cent higher than a year before, while revenues were unchanged at \$1.6bn.

Richard Waters, New York

Solid progress at AIG

American International Group reported a 17 per cent rise in net income in the first half of this year, to \$671m, led by growth in its life insurance business outside the US, and financial services. The biggest part of AIG's business, its general insurance operations, saw a 9 per cent increase in revenues, to \$3.1bn, and operating income, at \$510m.

Income from life insurance, meanwhile, climbed 21 per cent to \$287m, on a 14 per cent increase in premiums. And the financial services businesses, grouped around derivatives and aircraft leasing, reported income of \$106m, a rise of 43 per cent.

Richard Waters, New York

This announcement appears as a matter of record only.



Türkiye Garanti Bankası A.Ş.

US\$ 110,000,000

Credit Facility

Funds provided by

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| The Bank of New York | The Dai-Ichi Kangyo Bank, Limited |
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| NationsBank, N.A. | The Sanwa Bank, Limited |
| Société Générale, London Branch | Standard Chartered Bank |

The Sumitomo Bank, Limited

Agent

The Dai-Ichi Kangyo Bank, Limited

March 1996

Financial Highlights as at December 31st, 1995

(in DM million)

Dresdner Bank Luxembourg S.A. posts record results for the 1995 financial year.

Balance Sheet	1995	1994	Profit and Loss Account	1995	1994
- Total Assets	31,938	30,317	- Net Interest Income	285	274
- Net Business Volume	32,857	31,193	- Net Commission Income	110	114
- Loans and Advances	11,771	8,585	- Net Profit on Financial Operations	109	20
- Customer Deposits	7,418	7,567	- Net Profit for the Financial Year	222	172
- Capital and Reserves	930	870			

The business activities of Dresdner Bank Luxembourg S.A. concentrate on international banking, encompassing loans and advances, investments and dealings in money markets, foreign exchange, precious metals, securities and new issues (LUF) in addition to corporate and private customer business including asset management.

For more information please contact us under:

- Telephone: (+352) 47 60-1
46 12 12 Euromoney
46 16 16 Foreign Exchange, Precious Metals
46 28 28 Securities
47 45 48 Corporate Banking
47 60-5 43 Private Banking

Telefax: (+352) 47 60-3 31

To receive your copy of our audited Annual Report please write to us:
Dresdner Bank Luxembourg S.A., 26, rue du Marché-aux-Herbes, B.P. 355, L-2097 Luxembourg.



Dresdner Bank Luxembourg S.A.

COMPANIES AND FINANCE: ASIA-PACIFIC

NEWS DIGEST

Indian ships group declines 9.6%

Great Eastern Shipping, India's largest private sector shipping group which also has interests in commodity trading and real estate, reported a 9.6 per cent decline in net profit to Rs1.56bn (\$91.3m) for the year to March 31, although operating profit climbed 10.6 per cent to Rs3.12bn.

Fairfax stake 'not for sale'

Mr Dan Colson, deputy chairman of John Fairfax, Australia's leading newspaper publisher, yesterday attempted to damp speculation in Australia that Mr Conrad Black, the Canadian media proprietor, was signalling to sell his 24.9 per cent in Fairfax when he bid to buy minority shareholders in The Telegraph group in the UK this week.

Fletcher Challenge Canada falls

Sharp falls in paper and pulp markets led Fletcher Challenge Canada to report a severe fall in earnings to C\$2.9m (US\$2.13m), or 3 cents a share, for the three months to a March 31, the company's head office in New Zealand announced. This compares with a profit of C\$20.2m, or 16 cents, a year ago.

Thai Airways plans share issue

Thai Airways International plans to issue 200m new shares to help pay for 21 aircraft it is buying as part of a revamp of its fleet. Mr Chatumonkol Sonakul, the finance ministry's most senior permanent official, said that all or part of the issue could be offered to outside investors.

Improved margins enable Petron to lift profits

By Edward Luce in Manila

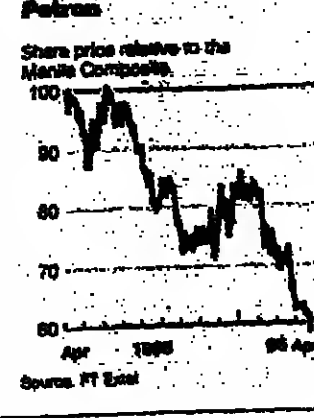
Petron Corp, the Philippines' recently privatised oil company, saw net profits rise by 3.4 per cent to 1,026.7m pesos (US\$39.2m) in the first quarter on higher sales and improved margins from productivity gains.

shared between Petron, Shell Philippines, the local arm of the Anglo-Dutch group, and Caltex (Philippines). "We think that Petron is well placed to meet the impending competition because it has a strong partner in Saudi Aramco and has invested more than Shell or Caltex in its refining capacity," said Mr Noel Reyes, chief researcher at Anson Securities in Manila.

Petron's profits growth looks weak. The company said it sold 2.4m litres of petrol and petrol products in the first three months 6.7 per cent higher than last year.

Overall sales rose by 15 per cent to 12.9bn pesos. The company also said yesterday that it had allocated 6.7bn pesos to capital spending in 1996 to bolster its position in advance of liberalisation.

Under the existing regime, which will be scrapped in July, all prices are shielded from fluctuation by a government-backed buffer fund. The fund is late in repaying 1.7bn pesos in debts to Petron which is expected to shoulder the interest costs itself. After July, petrol pump prices will track global prices.



Asiasat considers float to refinance loans of \$220m

By John Riddling in Hong Kong

Asia Satellite Telecommunications, the Hong Kong-based satellite consortium, is considering floating on the stock market as a means of refinancing loans of about US\$220m, it said yesterday.

"We have been examining the possibility of refinancing some of our existing loans and we have lots of different options," said Mr Bill Wade, deputy chief executive. Mr Wade said that the consortium had recently completed the financing for Asiasat 3, its third satellite, which is due to be launched next year.

Asiasat said that it had talked to several financial institutions about its plans. Although the consortium declined to comment on possible details of any flotation, it is thought the group would list on the Hong Kong and New York stock exchanges. Goldman Sachs, the US investment bank, is thought to be among the consortium's advisers on a possible listing.

Mr Wade said the moves being considered reflected financial incentives rather than a desire to restructure the shareholdings of the consortium. At present, Asiasat is

owned in equal parts by Hutchison Whampoa, the Hong Kong conglomerate; Cable and Wireless, the UK telecommunications group; and China International Trust and Investment Corporation, Beijing's main investment vehicle.

Investment analysts in Hong Kong said a listing would not be unusual. Panamsat, the privately-controlled global satellite operator, listed on the US Nasdaq exchange in September last year.

"It is an industry with unusual risks, many of which relate to the launching of satellites," said a telecom analyst at one US investment bank. "But there is strong demand for satellite capacity, particularly in the Asia-Pacific region."

Asiasat 3, which will be used for digital communications including TV distribution and business networks, will be the first of the consortium's satellites launched by a non-Chinese vehicle. The group confirmed last month that the satellite would be launched instead by Russia's Proton system.

Asiasat said the decision on the launch had been taken before a Chinese rocket, a new-generation Long March, blew up in February. The consortium said that it was seeking to launch Asiasat 3 as quickly as possible and that the Proton launch was the earliest available slot.

The chips are down in Taiwan

Falling PC demand is forcing semiconductor groups to cut targets

The halcyon days of Taiwan's computer chip industry are over as semiconductor prices plummet and personal computer sales sag, prompting one chip maker to slash earnings targets and a group of investors to scrap plans for a new plant.

For Taiwan, one of the world's biggest producers of semiconductors, this is likely to be the beginning of a round of deep cuts in earnings forecasts and delays in plans to expand capacity.

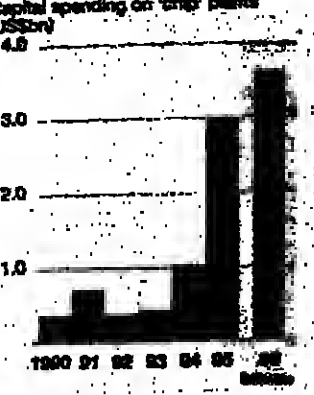
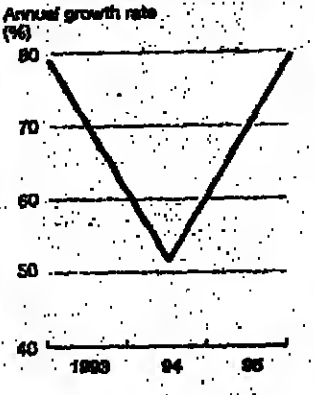
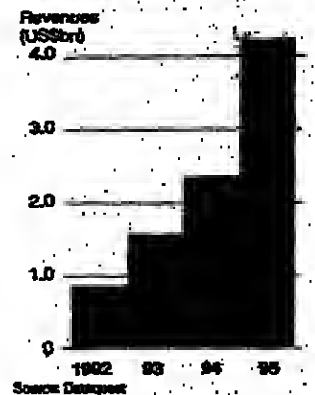
"People in the industry are gradually accepting the fact that this will be a bad year and next year could be even worse due to overcapacity and slower than expected personal computer sales," says Mr Derek Tien, an electronics analyst at Barings in Taiwan.

Taiwanese investors have woken up to the chip industry's price woes, sending share prices in the electronics sector - a market darling for the past two years - into a tail-spin.

Although few companies have announced changes in strategy, many are believed to be considering delaying the expansion plans under way at nearly all of Taiwan's chip-makers.

But some companies are calculating that, with increased capacity, the unit cost will come down and help offset reduced prices, analysts say. "They'll try to make up the difference in volume but they're basically going to shoot themselves in the foot," says Mr John Nelson, head of research at brokerage Jardine Fleming's Taiwan office.

Taiwan's semiconductor manufacturers



Despite price falls, the semiconductor business is still profitable. Profits have been reduced from earlier "obscenely" high margins to more moderate levels - had news for share investors, but not necessarily for the companies themselves. "I don't see any existing local [semiconductor] companies going under, because they have a lot of cash saved up, but I'm a bit worried about the new entrants," says Mr Seth Peng, an electronics analyst at BZW.

Winbond Electronics, Taiwan's third-largest manufacturer of integrated circuits, recently nearly halved its 1996 sales and profits targets following falls in static random access memory (SRAM) chip prices of more than 70 per cent in recent months. The company cut its 1996 pre-tax profit target from T\$12bn to T\$6bn (\$212m) and the sales target from T\$26bn to T\$16bn, sending its shares sharply lower.

Winbond is the world's leading maker of high-speed SRAM, or cache, chips, according to a company spokesman. Mosei Vitelic, the only Taiwan semiconductor concern to design as well as manufacture memory chips, is expected to follow suit shortly.

Mr Brian Appleby, a spokesman at Acer, Taiwan's largest computer maker, says the company has no plans to change its results targets for this year, despite falls of some 50 per cent in dynamic random access memory (DRAM) prices since last year. Acer is the largest shareholder in TI-Acer, Taiwan's biggest maker of DRAM chips. The expansion programme under way at TI-Acer would not be affected, Mr Appleby says. "We see this as an opportunity. In a difficult price environment the weaker players tend to drop out, and we see ourselves as a very strong player." Unlike other chip makers, 50 per cent of TI-Acer's production is consumed internally.

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Other chip-makers, including Winbond and United Microelectronics Corp (UMC), are increasing the foundry proportion of their business in response to falling chip prices

as sales are secured. UMC is continuing to increase capacity but will raise the foundry portion of its sales to more than 50 per cent this year, from 29 per cent in 1995.

The new entrants could face a tough time as their fabs will come on line as prices are at their lowest in several years. In March, a planned joint venture chip fab project between Hewlett-Packard and Taiwanese partners was cancelled.

DRAM projects by Nan Ya Plastics, Taiwan's leading petrochemical company, and Powerchip, a joint venture fab between Taiwan's Umox group and Japan's Mitsubishi Electric, are both proceeding as planned and will start production later this year.

But analysts say the groups will probably be unable to recoup their large capital investments - in the range of US\$1bn each - within two years. "It takes a lot of time to learn how to run these fabs so you can increase yields [that is, cut down the percentage of faulty chips], which is the crucial factor in this business," says Mr Tien at Barings. "In a highly competitive price environment, it may not be profitable for the less experienced players."

Laura Tyson



GENERALE

SOCIETE GENERALE DE BELGIQUE

Société Anonyme

Incorporated in Brussels by Royal Decree dated 28 August 1822

Registered Office: 30 rue Royale, 1000 Brussels. Register of Commerce of Brussels: Nr 17.487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, on Wednesday 15 May 1996 at 18.30h.

AGENDA

- 1. Board of Directors' and Auditors' reports for the 1995 financial year.
2. Approval of the Company's annual accounts.
3. Discharge in the members of the Board of Directors and in the Auditors.
4.1. Proposal to elect definitively Mr Alain Senegal, who was designated on 6 September 1995 as director by the Board of Directors in accordance with the mandate of Mr Alain Chaignon, who has resigned.

AGENDA

- 1. Amendment to the Articles of Association.
1.1. Article 1. Add the following sentence to paragraph one: "It is a company which makes or has made public offerings of securities."
1.2. Article 4. Replace paragraph one with the following: "Part de réserve shares are in bearer, dematerialised or registered form."
1.3. Article 4. Replace paragraph three with the following: "Shareholders may at any time apply for their shares to be converted, at their own expense, into one of the other forms specified in paragraph one of this Article."

In order to attend these meetings, the shareholders should, in accordance with the terms of Article 19 of the Articles of Association, deposit their shares by Wednesday 8 May 1996 at the latest at the Company's registered office or at one of the following banks:

- In Belgium: Generale Bank
In France: Banque Indosuez Belgique
In Luxembourg: Banque Générale de Luxembourg
In Switzerland: Crédit Suisse
In Germany: Deutsche Bank

Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the Coordinated Laws on Commercial Companies, the shareholders who wish to be represented should use the form of proxy which is available on request. All proxies should reach the Company's registered office as soon as possible and by Monday 13 May 1996 at the very latest, which date was laid down by the Board of Directors in accordance with the terms of Article 20 of the Articles of Association.

Ph. LAOTIER, Chief Executive Officer

S. DAVIGNON, Chairman

Brussels, 26 April 1996.



The Board of Management of Akzo Nobel N.V. - formerly Akzo N.V. - announces that the Annual Meeting of Stockholders, held in Arnhem on April 25, 1996, has decided to distribute for the fiscal year 1995 a dividend of NLG 7.00 per common share of NLG 20.

An interim dividend of NLG 1.50 was made payable on November 20, 1995. The final dividend of NLG 5.50 per common share, less 25% withholding tax, will be payable from May 13, 1996. Coupon No. 46 is to be surrendered to:

Paying agents in the United Kingdom: Barclays Global Securities Services, Throgmorton Street, London EC2R 7HT and Midland Securities Service, Paying Agency Section, 5th Floor, Mariner House, Peppas Street, London EC3N 4DA.

U.K. Residents: Dividends so payable for U.K. residents will be paid less 15% withholding tax, and U.K. income tax will be deducted from the gross dividend.

Residents of other countries: For residents of countries other than the United Kingdom with which the Netherlands has concluded a Convention for the Avoidance of Double Taxation, the rate of withholding tax (if any) will be adjusted upon presentation by the authorized depository of the necessary documents (Form 92, etc.). If no such form is submitted, withholding tax will be deducted at the rate of 25%, United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Arnhem, April 26, 1996. Akzo Nobel N.V., the Netherlands

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 0171 873 4054

Toby Finden-Crofts on +44 0171 873 3456

The AIM Trust plc

Placing of up to 50,000,000 Ordinary Shares at 100p per share by SBC Warburg

A DIVISION OF SWISS BANK CORPORATION

Application has been made for listing of up to 50,000,000 shares. The AIM Trust plc's investment objective is to provide long term capital growth by investing in a portfolio of companies listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

SBC Warburg, 1 Fenchurch Avenue, London EC3A 3DF

Copy of the Listing Particulars can also be obtained during normal business hours from the only Swiss Company Administrator Office in the United Kingdom, London Stock Exchange, 12th Floor, 15 Old Broad Street, London EC2M 1JH, from the date of the issue up to and including 26 April 1996.

Handwritten text in Arabic script: كسب المال

Severe weather in US and falling pulp price blamed for expected decline in first half

Ibstock wins tussle for Redland Brick

By Simon London

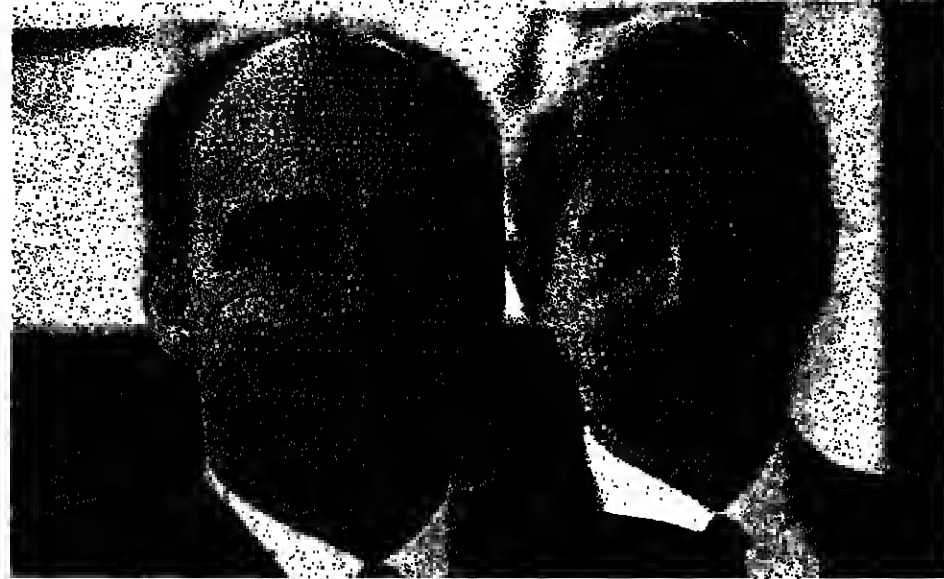
Ibstock, the building materials group, has emerged as the surprise buyer of Redland's UK brick interests, paying £160m (£242m) to become the country's largest brick manufacturer.

The announcement came as Ibstock unveiled an 88 per cent increase in pre-tax profits to £28.1m for 1995.

However, the company warned that severe weather in the US and tumbling pulp prices meant that profits for the first half of 1996 would be considerably below last year.

The recommendation of the Office of Fair Trading. This had led many in the industry to discount Ibstock as a potential buyer for Redland Brick.

Redland Brick is the UK's third largest manufacturer with market share of 16 per cent. The company manufactures from 17 plants and produced operating profits of £11m on turnover of £28m in 1995. The net assets being acquired are £147m, including large reserves of clay. Redland is keeping investment properties valued at £15m which it plans to sell separately.



Ian Maclellan (left) and Peter Aspden: Ibstock will become UK's largest brick maker

Destocking at ICI likely to leave second quarter lower

By Jenny Luesby

Imperial Chemical Industries, yesterday warned that second quarter profits would be lower than last year, as it unveiled a 9 per cent fall in first quarter pre-tax profits amid "tough trading conditions". The shares closed down 28p at 226p.

Pre-tax profits excluding exceptional items fell to £202m (£205m) on sales up 3.7 per cent at £2.57bn, in the first quarter.

This figure compared with pre-tax profits of £185m on sales of £2.56bn in the fourth quarter of last year, the most difficult period experienced by the chemical industry in many years.

From the middle of last year manufacturers began running down their stocks of raw materials, leading to a sharp fall in demand for chemicals.

Destocking had continued into the first quarter in industrial chemicals, which last year accounted for half of trading profits, said Mr Spall. As a result, operating profits fell by 20 per cent, to £27m, on sales down 3 per cent, at £1.1bn.

The group had also seen "some slippage" in prices for its polyester plastic, used to make bottles.

Rentokil bid awaits Panel ruling

By Clay Harris and Geoff Dyer

The fate of Rentokil's £2bn (£30m) bid for BEI, the rival business services group, hangs in the balance last night after a claim that the pretator's advisers had broken takeover rules. The hotly contested offer is due to close today.

The Takeover Panel was considering BEI's contention that the sale on Tuesday of a 2.8 per cent stake in its shares by the marketmaking arm of SBC Warburg, one of Rentokil's stockbrokers, was in breach of the Takeover Code.

Demand for buses buoys Trinity

By Geoff Dyer

Strong demand for buses in the UK allowed Trinity Holdings, the specialist vehicle manufacturer, to improve annual profits by 22 per cent.

Although the figures were in line with analysts' forecasts, the shares fell 27p to 404p after the group disclosed higher than expected losses from its joint venture in Malaysia.

Mr Stephen Burton, chief executive, sounded optimistic about prospects, saying that it had a record order book at the beginning of the year equivalent to six months sales.

Exports were 28 per cent higher at \$82.8m (\$64.5m), representing 40 per cent of sales, buoyed by strong bus sales in Malaysia and Ghana. Dennis Specialist Vehicles, the group's largest operating company,

increased sales by 40 per cent after its UK bus registrations grew by 37 per cent and coach registrations by 46 per cent.

Mr Burton said that the market had been strong last year because the fleet of buses in the UK was now very old and because of the growth of private bus companies, which have been investing heavily.

However, losses from the group's 34 per cent stake in a Malaysian joint venture trebled to £600,000 (£203,000) after margins were well below the group's expectations.

Lloyd's agencies to merge

Stace Barr, the Lloyd's of London agency headed by Mr John Stace, Lloyd's deputy chairman, is to acquire a rival agency in a deal which will make it the biggest group advising investors at the 300-year-old insurance market, writes Ralph Atkins.

Stace Barr, which acts as an adviser to traditional Names as well as the new generation of corporate investors at Lloyd's, is to merge with the "members" agency business of the Wellington agency. Wellington will continue to run "managing" agencies, running insurance syndicates at Lloyd's.

The deal will create a group advising investors underwriting business worth £900m (£1.06bn) a year, about 10 per cent of Lloyd's capacity.

Stace Barr and Wellington have co-operated for the past three years on syndicate research via a joint venture company, SBW Insurance Research.

Casual wear trend fails Austin Reed

By Simon Kuper

Austin Reed, the up-market clothing group, said that pre-tax profits dropped from £7.1m to £3.4m (£5.13m) last year because the womenswear collection lacked appeal.

Sales were 2 per cent ahead at £72.7m (£71.1m) for the year to January 31. Retail profits tumbled from £3.5m to £1.1m, manufacturing fell from £1.2m to £1.1m.

The group had tried to broaden its market by producing women's clothes that were

less tailored and more casual than Reed's usual style. But both sales and margins fell on womenswear, which represents a fifth of group sales.

Reed has since returned to a more tailored look for women's clothes. This and the recovery in UK retail have raised like-for-like group sales 8 per cent so far this year.

Reed's shares rose 9p to 294p - back to the October 1994 record level. Ms Joan D'Olier, analyst at NatWest Securities, forecast pre-tax profits of \$4.9m for a forward p/e of 23.2.

RESULTS

Company	Year	Revenue (£m)	Pre-tax profit (£m)	EPS (p)	Dividend (p)	Total for year	Total for last year
Aeroplan	Yr to Dec 31	1.85	(0.798)	1.75	(0.98)	3.8	(8.8)
Amalgamated	Yr to Jan 31	12.7	(71.1)	3.98	(13.9)	7.2	(8.6)
David Brown	Yr to Feb 2	161.2	(126.7)	14.16	(12.5)	15.31	(14.9)
Development Sites	Yr to Dec 31	21.57	(7.95)	2.42	(4.88/4)	7.1	(20.1/8)
DPS Furniture	6 mths to Jun 27	57.7	(73.7)	15.1	(13.1)	9.59	(6.27)
Elmo	6 mths to Dec 31	12.8	(13.3)	0.086	(0.252)	0.3	(0.8)
Enso	Yr to Jan 27	291.5	(218.5)	0.132/4	(10.7)	0.37	(10.7)
Ferris	6 mths to Feb 29	4.35	(6.34)	0.468	(0.33)	3.3	(2.6)
Fishers	Yr to Dec 31	46.1	(88.2)	4.75	(3.01)	10.88	(8.39)
Ibstock	Yr to Dec 31	250	(210.1)	28.16	(14.3)	6.67	(3.89)
ICI	3 mths to Mar 31	2,568	(2,477)	22.9	(24.4)	18.3	(21.1)
Imp Energy	Yr to Dec 31	83	(87.2)	4.41/4	(5.48)	8.33	(7.9)
Iplex	Yr to Dec 31	18.8	(18.4)	1.82	(2.13)	4.58	(5.01)
J&K Oil and Gas	Yr to Dec 31	2.1	(-)	2.01	(0.176)	4.1	(0.77)
Langdon Foods	32 wks to Dec 31	1.92	(-)	0.141	(-)	0.15	(-)
Lifon Park	Yr to Dec 31	174.8	(164.9)	9.77	(12.77)	37.1	(58)
Revlon Energy S	Yr to Dec 31	8.89	(7.57)	0.75/4	(1.62)	2.54	(5.58)
Rhino	18 mths to Jan 31	39.5	(48.9)	0.511	(2.67)	4.631	(2.4)
Reynolds	6 mths to Dec 31	1	(0.784)	0.137	(0.198)	0.54	(0.81)
Trinity Holdings	Yr to Jan 31	208.1	(163.8)	18	(13.1)	20.5	(18.9)

Investment Trusts	NAV (p)	Attributable Earnings (p)	EPS (p)	Dividend (p)	Date of payment	Corresponding dividend	Total for year	Total for last year
North Atlantic Star	378 (270)	0.154 (0.211)	1.54 (5.7)	nil	nil	nil	nil	nil
Scottish Mortgage	309.8 (244.4)	21.4 (18.4)	5.93 (5.37)	3.15	July 1	3	4.85	4.4

Earnings shown basic. Dividends shown net except Agency throughput. Figures in brackets are for corresponding period. After exceptional charge. After exceptional profit. 10c increased capital. Includes special of 10p. *Comparative pro forma. S&P500 stock. *Comparative for 12 months to December 31. †Including special of 0.78c. ‡Revised. *Comparative restated.

Blyvooruitzicht Gold Mining Company, Limited
(Registration number 05/09743/06)
(Incorporated in the Republic of South Africa)
(“Blyvooruitzicht”)

RESULTS OF THE RIGHTS OFFER

Rand Merchant Bank Limited and Société Générale Strauss Turnbull Securities Limited are authorised to announce the results of the rights offer by Blyvooruitzicht of 6,599,993 linked units (each linked unit comprising one ordinary share and one option to subscribe for one ordinary share) at 600 cents per linked unit. The rights offer closed on Friday 19 April, 1996.

Subscriptions and applications for additional linked units totalled 14,224,819 linked units (a total subscription of 215.33% of the linked units available). Shareholders and their nominees subscribed for 6,293,664 linked units, equivalent to 95.36% of the number of linked units offered. Applications for additional linked units totalled 7,931,155 linked units, equivalent to 120.17% of the number of linked units offered.

The 306,309 linked units available for allocation to applicants for additional shares have been allocated as follows:

- where applicable all applicants will have their shareholdings rounded up to the nearest whole number of 100 linked units to prevent the creation of odd-lots;
- applicants will be allocated 3.6% of their application for additional linked units rounded down to the nearest whole number of 100 linked units.

Certificates in respect of the ordinary shares and options issued pursuant to the rights offer, and refund cheques in respect of unsuccessful applications for additional linked units, will be posted on or about Tuesday 30 April, 1996.

26 April, 1996

Merchant Bank
Sponsoring broker in the United Kingdom
RAND MERCHANT BANK LIMITED
(Registration Number 68/13988/06)
(Registered Bank)

SOCIÉTÉ GÉNÉRALE
STRAUSS TURNBULL SECURITIES LIMITED
(A member firm of the Securities and Futures Authority and of the London Stock Exchange Limited)

BRITANNIA BUILDING SOCIETY
Issue of up to **£50,000,000** Floating Rate Notes Due 2005

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 25th April 1996 to (but excluding) 25th July 1996 the Notes will carry a rate of interest of 6.6875 per cent per annum. The relevant interest payment date will be 25th July 1996. The coupon amount per £1,000,000 Note will be £66,875.99 payable against surrender of Coupon No. 26.

Hastings Bank Limited
Agent Bank

SOCIÉTÉ GÉNÉRALE
USD 372,000,000 SUBORDINATED FLOATING RATE NOTES DUE 2005
ISIN CODE: SB0048178054

For the period April 25, 1996 to October 25, 1996 the new rate has been fixed at 6.1125 % P.A.

Next payment on: October 25, 1996
Coupon rate: 17

Account: USD 31071.88 for the denomination of USD 1,000,000

The Principal Paying Agent
SOCIÉTÉ GÉNÉRALE BANK & TRUST - LUXEMBOURG

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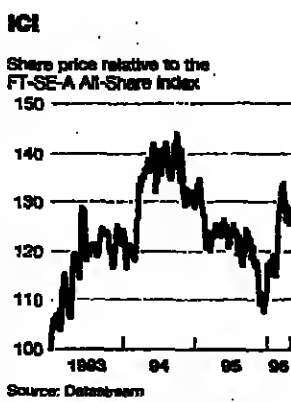
appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further information please call:
Andrew Skirrow on +44 (0)21 873 4854
Toby Pridmore on +44 (0)21 873 3498

LEX COMMENT

ICI

ICI's shares have outpaced the UK stock market by a tenth this year because of the belief that the chemicals group was riding out the industry's current downturn better than its rivals; and that it was about to launch a share buy-back. Yesterday's poor first quarter results poured cold water on both those hopes.



The sharp drop in prices for polyester, which goes into fibres and plastic bottles. This accounted for an estimated 15-20 per cent of ICI's profits last year and is supposed to be a growth market as plastic bottles replace glass and tin. But, as so often in the chemicals industry, the anticipation of growth has attracted the bulk producers like flies around the honeypot. Eastman, Shell, Amoco and numerous east Asian groups are bringing on new plants. After jumping by 30 per cent last year, this looming overcapacity has sent prices sharply into reverse during 1996. ICI, in a bid to bring sense back to the market, has delayed its own capacity expansion in polyester.

This unwelcome experience will only prompt the group to accelerate its shift away from basic commodity chemicals into higher-margin products like paints and acrylics. The strategy looks correct, but buying such downstream assets is costly: ICI paid an expensive one times sales for Bunge paints in South America. That suggests it will want to maintain balance sheet strength, especially as it is unclear whether trading will pick up in the second half as management expects. That augurs against a buy-back soon and leaves the shares looking high enough.

DIGEST

Overseas advance for David Brown

David Brown Group, the specialist engineering manufacturer, yesterday reported a 13 per cent increase in profits following increased overseas sales of its industrial gears and rising demand for new component products.

Mr Chris Cooke, joint chief executive, said the improvement was fuelled mainly by higher contributions from the mobile drives business and the industrial gears division, which was expanded last year with the £13.8m acquisition of four manufacturing operations from the David Brown family.

Tim Burt

Ramco sees Azerbaijan cash

Ramco Energy, the independent oil company which is heavily involved in the development of oil in Azerbaijan, expects to receive the first cash from its largest project towards the end of next year.

Ramco, one of the pioneers of oil development in the former Soviet territories, disclosed a sharp fall in 1995 pre-tax profits yesterday, from £1.62m to £754,000 (£1.14m). Turnover fell to £6.8m (£7.57m), following an expected smaller annual payment from Fennozil, the US oil company whose interest in the ACO project is carried by Ramco. The payment will rise again next year from \$2.5m to \$3m.

David Lascelles

Judgment awaited on Mid Kent

Mid Kent Holdings, one of England's smaller water companies, and two potential French predators yesterday finished presenting their arguments in a High Court case to determine whether the latter can proceed with a planned takeover bid.

The judgment is expected next week, Mid Kent said.

Leyla Boulton

AssiDomän

ANNUAL GENERAL MEETING

Notice is hereby given to shareholders in AssiDomän AB (publ.) that the Annual General Meeting of the company will be held at 3.00 p.m. on Monday, May 20, 1996 at Stockholm International Fairs, Mäsvägen 1, Älvsjö, Stockholm.

NORICATION, ETC.
Shareholders who wish to participate in the Annual General Meeting shall:
• be entered in the register of shareholders maintained by Vårdpapperscentralen VPC by Friday, May 10, 1996.
• notify the company by no later than 4.00 p.m. on Wednesday, May 15, 1996. Such notification may be given by telephoning +46 (20) 93 71 71 or +46 (8) 728 08 00, by faxing +46 (8) 728 08 74, or by writing to AssiDomän AB, Group Staff Control and Finance, S-105 22 Stockholm, Sweden.

When sending notification, shareholders should state their name, personal identity number or company registration number, and their address and telephone number.

Shareholders whose shares are registered in the name of a nominee through a bank or securities institution, must temporarily re-register their shares with VPC in their own name by Friday, May 10, 1996 in order to participate in the Annual General Meeting. Requests to have shares re-registered should be submitted well before May 10, 1996. AssiDomän will confirm receipt of notification by sending an entry ticket to be presented at the entrance to the venue.

AGENDA

- Opening of Meeting and election of chairman of Meeting.
- Preparation and approval of voting list.
- Approval of agenda.
- Election of two adjutors to approve the minutes together with the chairman of the Meeting.
- Resolution concerning the proper convening of the Meeting.
- Presentation of annual report and consolidated financial statements and the report of the auditors on these reports.
- Resolution concerning the adoption of the parent company profit and loss account and balance sheet, and the consolidated profit and loss account and balance sheet.
- Resolution concerning the treatment of the parent company's unappropriated earnings as stated in the parent company balance sheet.
- Resolution discharging the Board and the President from liability for the financial year.
- Resolution concerning the number of members and deputy members of the Board.
- Resolution concerning the fee to be paid to the Board.
- Resolution concerning the fee to be paid to the auditors.
- Election of members and deputy members of the Board.
- Election of auditors and deputy auditors.

ELECTION OF MEMBERS OF THE BOARD AND AUDITORS
Shareholders who together represent shares controlling some 56 % of the votes in the company intend to recommend that the following members of the Board be re-elected: Lennart Ahlgren, Hans Carlsson, Annika Christianstam, Bo Dockered, Mats Ekman, Ingrid Flory, Bertil Hagman, Olof Lund, Anna-Sina Nordmark and Per Tegné. Bertil Danielsson is not standing for re-election.

It is proposed that Thomas Jansson and Stefan Holmström, authorised public accountants, of KPMG Bohlins AB, be re-elected as auditors. It is proposed that Anders Holm and Ole Wallinder, authorised public accountants, of KPMG Bohlins AB, be re-elected as deputy auditors.

DIVIDEND
The Board proposes that a dividend of 5.00 kronor per share be paid. Thursday, May 23, 1996 is proposed as the date of record for entitlement to dividend. Provided that the Annual General Meeting resolves in accordance with this proposal, it is expected that the dividend will be distributed by VPC on Friday, May 31, 1996.

PROGRAMME FOR SHAREHOLDERS

1.00 p.m.	Doors open to Stockholm International Fairs. Exhibition of packaging past and present.
1.00-2.30 p.m.	Light refreshments will be served.
2.30 p.m.	Doors open for Meeting in the Victoria Hall.
3.00 p.m.	Opening of Annual General Meeting.

Stockholm, April, 1996
AssiDomän AB (publ.)
Board

S: Eriksgatan 117, 105 22 Stockholm. Tel: 08-728 08 00 Fax: 08-728 08 74

TECHNOLOGY

Routine long-distance surgery is increasingly possible, says Vanessa Houlder, but several hurdles remain

Operations from afar

Medical history was made this year when a doctor performed remote surgery on a patient in another country. Luc Vanderheyden, a Belgium-based surgeon, diagnosed a hernia in a patient in the Netherlands, some 140 miles away. His equipment - originally devised by Nasa for emergency operations in space - was a joystick and a computer screen linked to a robotic arm.

"In the future, the far future, you could have a team of the very best surgeons, all located centrally, and have remote-controlled theatres scattered around the country," Vanderheyden said afterwards.

He is not alone in his vision of long-distance surgery. Brian Davies of Imperial College in London has built a remote robotic system. As well as supplying visual feedback to the surgeon, it has a control system that monitors resistance to the scalpel. This increases the surgeon's control over the operation, since it translates his or her movement of the instruments into smaller, more precise, movements of the scalpel.

Davies says that the results are encouraging but more research is needed: "The whole area of tactile sensing is in its infancy."

Already the US army is conducting trials on a telesurgery system developed by SRI International, the research institute. Surgeons could treat battlefield casualties remotely, receiving visual and tactile feedback using a virtual reality headset and a glove with sensors. SRI believes the applications of remote surgery could go well beyond the military; specialist surgeons could treat a wider spread of patients.

But even if this vision becomes technically possible, there are doubts that it will ever prove economically and socially acceptable outside the realm of specialist users such as the military.

Suzanne Coles, author of a report on Telemedicine recently published by FT Pharmaceuticals and Healthcare Publishing, is sceptical about the take-up of technologies such as robotic surgery.

"As a novel technology, [robotic surgery] has extremely limited use within mainstream practice, is prohibitively expensive and requires the most advanced support technology to sustain its integration into healthcare delivery," she says.

Telemedicine - the term used to describe the use of computer technology and telecommunications as a substitute for face-to-face contact between doctors and patients - has been the subject of experiments for decades. In 1959, Nasa provided a medical service to communities on an Indian reservation using pioneering technology developed to monitor astronauts in space.

The first generation of telemedicine projects generally failed to take



Long-distance: surgeons could operate remotely using a virtual reality headset

off. The quality of the images sent down phone lines was low, while patients and their insurers were generally unenthusiastic about the approach. But many of the obstacles have now been overcome.

"In the last decade, telemedicine has enjoyed a popular renaissance driven by significant advances in technology and a reduction in costs. Within the last five years, these advances have made telemedicine a workable reality," says Coles.

A study by Arthur D Little estimated that telemedicine could reduce annual US healthcare costs

by at least \$36bn (£24bn) through widespread electronic management of patient information, electronic claims processing, electronic inventory procedures and videoconferencing. Coles believes the remote delivery of computer-based patient records, radiology, dermatology, pathology and continuing medical education could offer cost savings within five years.

Already, teleradiology has taken off in some parts of the world. Since 1992, patients in the Middle East and parts of Asia have been able to consult specialists at Massachusetts

General Hospital using teleradiology services provided by WellCare, a US telemedicine company. The key to this service is compression technology which cuts the time and cost required for transmission of medical images while using ordinary telephone lines. WellCare can transmit a radiograph over a voice-grade telephone in six minutes; without 20-to-1 compression, it would take more than two hours.

"The more you can compress images, the more economical the service can become," says Dr Mark Goldberg, president of American Telemedicine International.

Teleradiology is also showing promise in trials. Demand for skin specialists is rising with the incidence of skin cancer, yet rural and semi-rural communities are poorly served by dermatologists who are concentrated in urban centres.

In Powys, mid-Wales, for example, eight family doctor practices use desktop video-conferencing equipment to transmit images of patients' skin conditions to a consultant 50 miles away. The aim is to cut waiting and travelling times and widen access to treatment.

Some branches of telemedicine will take five to 10 years to be implemented, according to Coles. One example is breast examinations using tele mammography. Although relatively inexpensive, the stringent regulations on the diagnostic quality of the digitised images will make it difficult to implement.

The array of technical solutions stimulated by telemedicine is impressive. But many of the barriers to its widespread implementation are not technical, but social, ethical or professional.

In Goldberg's view, the scepticism of insurers is one of the most important barriers to its widespread adoption. They need to be convinced that its benefits exceed the costs before they will agree to reimburse telemedicine. Concerns about data security and data privacy are also serious impediments to progress. And doctors fear telemedicine could make them more vulnerable to litigation, particularly in the US. "Although telemedicine programmes have so far escaped legal attention, widespread implementation in the future will inevitably generate a new market for liability practice," says Coles.

The attitude of patients is another potential stumbling block. Even enthusiasts for telemedicine concede that few patients would feel comfortable undergoing an operation without a surgeon present.

Yet for all that, improvements in technology and demand for wider access to healthcare are likely to provide a stimulus to the development of telemedicine. If telemedicine becomes legally and socially acceptable, it could save money, time and lives.

MANAGEMENT

JOHN KAY

A down-payment to curb bid fever



It has been easy to fill the news columns of the Financial Times these last few weeks. Who will win the battle between BET and Rentokil? Will BT buy Cable and Wireless? Or is it better for Cable and Wireless to buy BT?

National Power has bid for Southern Electric. Or then Southern Corporation might buy National Power. With Ian Lang's welcome reassertion of the primacy of competition in Wednesday's decision to block two bids in the electricity industry, we have a new chance to take stock. Some of these bids make sense. But mostly they result from managerial self-aggrandisement. Companies with too much money are itching to hand it to merchant bankers or the shareholders of target firms.

The folks in Washington make lots of calls to New York, and the residents of New York often call the good people down in Washington. Perhaps that makes it logical that the same company should provide the phones at both ends. And perhaps Nynex, which owns all the lines in New York and quite a lot else besides, is not big enough to compete with all those other telecoms companies which are frantically making alliances with each other. Or maybe Bell Atlantic just loves a deal.

Mostly, we would be better off if the executives involved spent more time minding the store rather than negotiating to buy each other's stores. There is now a wide range of academic studies of post-merger performance which points to the conclusion that, taken as a whole, merger activity adds little or no value. Indeed this management preoccupation with changing the boundaries of the business rather than improving its operating performance, may have become a real competitive disadvantage for British and American companies.

We need to put sand in the wheels of the takeover mechanism, not to bring it to a halt, since some bids are necessary and justified. More than that, the threat of takeover at present is the

only important mechanism of managerial accountability that exists. The main proposal extant to put that sand in the wheels is to reverse the burden of proof in Monopolies and Mergers Commission investigations. Today the MMC can reject a merger only if it finds damage to the public interest. Better to make the parties show there are positive benefits to the public interest.

But that would not be enough. It is easy to envisage the resulting eloquent submissions to the MMC. I know, I have written them. The clichés are all already on my word processor; there is the need for critical mass; the ever-increasing intensity of global competition; that convergence of technologies which demands fresh thinking about industrial structure.

It is no easy task for the MMC to determine whether there is anything in these assertions. The way forward is to force companies

which make these assertions to put their money where their mouth is. When a merger has a potential anti-competitive effect - and that is true of almost all those currently under discussion - the parties should be required to demonstrate a specific benefit from the takeover to UK consumers. And the bidder should be required to put up a cash deposit - say 5 per cent of the acquisition cost - against subsequent demonstration to the Office of Fair Trading that the claimed benefits have actually been realised.

This idea is not as novel as it sounds. It is essentially the formula which Ofwat, the water regulator, and the MMC have applied to the recent mergers in the water industry. They have exacted specific and identifiable reductions in charges to water company customers as the price for the reductions in comparative competition which consolidation implies. That concept has wider applica-

tion. The 5 per cent figure is small in the context of the sums which change hands in takeovers. It is less than the typical difference between the highest bid and the second bid in a contested battle such as Granada/Forte or Rentokil/BET. It compares with a level of takeover premium which has historically averaged around 25 per cent, implying that consumers might anticipate a fifth of the gains which the acquirer expects to obtain from the takeover. Hardly an unreasonable share. If market forces could not ensure that customers got at least this fraction of the gains anyway, competition in the market is already inadequate.

But while small in the context of the overall consideration, 5 per cent is large enough to imply big sums of money. Rentokil would need to put down £100m or so for Southern to get National Power. It would need to find the best part of £500m.

At the current pace of merger frenzy, the chancellor might expect to receive enough this year to knock a penny off income tax. The chancellor might, of course, have to give that money back when the companies concerned proved the advantages which their customers had derived from the acquisitions. Granada, which celebrated its acquisition of Forte by raising hotel prices, would begin from some way behind the starting line, but others might find it easier.

If companies used the argument that it would be too difficult to identify specific benefits, that would tell us everything we need to know about the real merits of their proposals. And if they claim it would be too costly to provide the necessary information, then I am willing to undertake the investigations required for a fixed fee which would look very small by the standards of remuneration which professional advisers apply to takeover bids.

Companies themselves would be forced to look very carefully at whether mergers had yielded the gains they expected, and the results of their self-examination would be on public record. That process might in itself be the greatest check on deal mania.

We need to put sand in the wheels of the takeover mechanism, not bring it to a halt

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The Annual Capital Growth Index for 1995 was 149.51548 and the recalculated Annual Capital Growth Index for 1994 was 156.12831. The Income Return for 1995 was 7.44%.

The Annual Index for 1995 was 378.82803.

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COMMODITIES AND AGRICULTURE

'Latin America favoured for mining finance'

By Kenneth Gooding, Mining Correspondent

Latin America is finding most favour with bankers among the emerging countries that are scrambling to compete for funds for mining projects.

lams that would face future investors.

The CIS, he said, was "one of today's highest political risk areas for investment".

level of maturity as that of Latin America.

On the other hand, Africa "does have many of the qualities which we believe are necessary to make it attractive as an emerging market."

of the mining sector. "The country must work hard to liberalise the investment criteria of its pension funds and encourage its domestic banks to educate themselves to become comfortable as lenders to the mining sector."

There was a second group of countries that Mr Holden described as "developing and financeable with care".

should they struggle to finance mediocre projects in countries with unco-operative governments."

Another view of the "best investments" in Latin America for the next five years was provided by Mr David Beatty, a director of Bruning Warburg, part of the SBC Warburg investment banking group.

Kazakhstan tries to woo disgruntled gold companies

By Sander Theones in Almaty

Kazakhstan is trying to make good on a broken promise to put one of the world's largest gold mines up for tender.

ment bank. "Mining is one of their core industries. It will be a key source of revenues."

Despite that attraction, however, major gold producers such as BHP, Newmont and RTZ declined Kazakhstan's invitation to bid.

pushed it out of two tenders last year, first during the initial tender for Vasilkovskoye, then for an exploration project.

"Our government had only just started working," he explained. "We had no experience. But there is nothing to fear this time."

Study group forecasts another zinc supply shortfall

By Kenneth Gooding

Zinc demand in the western world will exceed supply by a substantial margin for the second successive year in 1996, according to the International Lead and Zinc Study Group, an intergovernmental organisation.

also faces its second successive supply deficit, the study group suggests.

Western world consumption is forecast to grow by 1.6 per cent to 8.36m tonnes while metal output is predicted to be up 2 per cent to 5.56m tonnes.

The study group suggests, however, that the size of the deficit in the western world may be influenced by a resurgence of toll smelting by far eastern European countries.

Global lead demand is forecast to rise by 1.9 per cent to 5.56m tonnes with an increase of 1.5 per cent to 5.06m tonnes in the west.

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Australian wheat returns expected to 'very solid' for second season

By Nikid Tait in Sydney

The Australian Wheat Board, which handles all export sales of Australian wheat, predicted this week that growers could look forward to a second season of very solid wheat returns

slightly lower than the record 1995-96 prices.

The problems being faced by the winter wheat crop in the US. Good conditions elsewhere in the globe are largely being ignored," it said.

returns for the yet-to-be-sown 1996-97 crop by a sharp \$40 a tonne.

AWB said: "Right now the market gives every indication that ASW will return \$340 a tonne".

AWB said: "Right now the market gives every indication that ASW will return \$340 a tonne".

Aboriginal leaders hold out against weakening Native Title Act

By Nikid Tait

Aboriginal leaders in Australia yesterday made clear that they would oppose any "watering down" of the 1993 Native Title Act, which gave them a

national procedure for asserting native title claims for the first time - and in particular, any moves to make land over which pastoral leases have been granted immune from native title claims.

The uncertainty over whether pastoral leases extinguish native title is being growing concern to the mining industry, which claims that, in some cases, development is now being seriously hampered.

While the uncertainty persists, native title claims can be formally registered on land, triggering a potentially lengthy "right to negotiate" procedure.

urged Australia's new conservative federal government to legislate to clarify the matter.

Native Title Act. Yesterday, at the end of the two days of talks, they said that they "welcomed economic development, but that it could not be at the cost of watering down the Native Title Act".

MARKET REPORT Copper sheds gains

London Metal Exchange COPPER prices failed to build on early gains yesterday afternoon as prices dipped back under speculative selling and profit-taking to end only \$5 a tonne up on Wednesday's after hours "kerf" close of \$2,605 a tonne in the three months delivery position.

Today's LME warehouse stocks report was likely to hold the key to the market's next short-term direction, traders said.

Traders said the price had earlier jumped to a four-month high of \$2,631 on the back of robust cash buying, but it lacked follow-through interest.

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Anonymous Metal Trading)

Precious Metals continued GOLD COMEX (100 Troy oz; \$/troy oz)

GRAINS AND OIL SEEDS WHEAT LCE (\$ per tonne)

SOFTS COCOA LCE (\$/tonne)

MEAT AND LIVESTOCK LIVE CATTLE CME (40,000 lbs; cents/lb)

BASE METALS LONDON METAL EXCHANGE (continued)

Precious Metals continued SILVER COMEX (5,000 Troy oz; \$/troy oz)

GRAINS AND OIL SEEDS MAIZE CBT (\$/troy bush)

SOFTS COFFEE LCE (\$/tonne)

MEAT AND LIVESTOCK LIVE HOGS CME (40,000 lbs; cents/lb)

BASE METALS LONDON METAL EXCHANGE (continued)

ENERGY CRUDE OIL NYMEX (42,000 US gal; \$/barrel)

GRAINS AND OIL SEEDS SOYBEAN OIL CBT (60,000 lbs; \$/barrel)

SOFTS WHITE SUGAR LCE (\$/tonne)

MEAT AND LIVESTOCK BREKHT CRUDE PFE

PRECIOUS METALS LONDON BULLION MARKET

ENERGY HEATING OIL NYMEX (42,000 US gal; \$/barrel)

GRAINS AND OIL SEEDS POTATOES LCE (\$/tonne)

SOFTS RUBBER LCE (\$/tonne)

MEAT AND LIVESTOCK COTTON NYCE (50,000 lbs; cents/lb)

PRECIOUS METALS LONDON BULLION MARKET (continued)

ENERGY NATURAL GAS NYMEX (10,000 cu ft; \$/mmBtu)

GRAINS AND OIL SEEDS UNLEADED GASOLINE NYMEX (42,000 US gal; \$/barrel)

SOFTS SUGAR '11 NYCE (112,000 lbs; cents/lb)

MEAT AND LIVESTOCK ORANGE JUICE NYCE (15,000 lbs; cents/lb)

JOTTER PAD crossword puzzle grid

CROSSWORD No.9,052 by QUARK

Crossword puzzle grid with clues

- 1 Shut up zlece misbehaving? It's destructive to all involved (11)
- 2 To get tree, trace exit somewhere (9)
- 3 Reboke for the chatter (3)
- 4 College window (5)
- 5 Plan of lessons from the board I encountered inside (9)
- 6 Before lunch (4)
- 7 12gr could make hair curl (7)
- 8 What's called for in court? (5)
- 9 This is about a representative element of a chemical test (7)
- 10 How bowler transgressed when series of balls went with pace (11)
- 11 Less inspiring circus performer (6)
- 12 Share distributed for vegetable producer? (5)
- 13 The greeting's a little bit of nonsense at the end of October (9)
- 14 American GI returns to ring a friend overseas (5)
- 15 Uninteresting road back to the unknown (3)
- 16 The landlord with journalists' printed matter? (11)
- 17 Uniform temperature line mother is getting repaired (6)
- 18 The start of the lying is giving momentary pain (8)
- 19 Something from the past seen to derelict building (5)
- 20 Remove a passage (7)
- 21 Bull gently top to bottom and put over English duck (7)
- 22 To get tree, trace exit somewhere (9)
- 23 B-ban up the French crowd (6)
- 24 Moderately fair (6)
- 25 The city round I'll prove must be changed (9)
- 26 Natural desire for fruit no longer scarce, we hear (8)
- 27 Several of these for popular works? (8)
- 28 This is about a representative element of a chemical test (7)
- 29 How bowler transgressed when series of balls went with pace (11)
- 30 Certainly not a big noise (7)
- 31 This is about a representative element of a chemical test (7)
- 32 Lay poem - not a difficult commission? (5)
- 33 Beggar's vessel (5)

Large vertical advertisement for 'openly cities management' with contact information and dates.

INTERNATIONAL CAPITAL MARKETS

Commodities put pressure on Treasuries

By Garner Iskander in London and Lisa Branstetter in New York

In a very quiet session, most European bond markets traded in narrow ranges yesterday. Spanish bonds were among the strongest performers, boosted by a stable currency and political optimism...

US Treasury prices were mostly lower in early trading yesterday as commodity prices rose and Wall Street dealers continued to try to find buyers for the five-year notes they bought at Wednesday's auction.

Near midday, the five-year note was also unchanged, holding at 99 1/2 to yield 6.839 per cent. The 10-year note was up 1/8 to yield 6.526 per cent average yield on the Treasury department sold on Wednesday.

Mr Woody Jay, head of

global government securities trading at Lehman Brothers, attributed yesterday's declines to dealers trying to find yields high enough to attract retail buyers.

Dealers are reluctant to hold securities ahead of several sets of important figures due out next week, he said. The market is priced for an interest rate increase after the presidential election in November, but traders are worried the week's figures could be strong enough to spur the Federal Reserve to act sooner, he said.

Rising commodity prices also have traders nervous about the prospect for monetary tightening. Early yesterday afternoon the Knight Rider-Commodity Research Bureau's commodity index was 1.27 higher at 262.65.

The market paid little attention to yesterday's weekly data on initial claims for unemployment benefits because the figures continued to be clouded by the effects of the 17-day strike at General Motors that ended in March.

French OATs fell only slightly when the central bank announced it was keeping its intervention rate unchanged.

The decision to lower the 5 to 10-day repo rate - the emergency lending rate - by 0.6 percentage point was largely

ignored by market participants. The Matiff's June notional contract closed at 123.28, down 0.10.

In the cash market, the 10-year benchmark, the 7 1/4 per cent OAT due 2006, closed at 105.89, down 0.16.

The spread over 10-year bonds narrowed by 4 basis points to 6 points.

The June FIB futures contract on 3-month interest rates fell by 0.04 point to 98.10.

GOVERNMENT BONDS

Ms Marie Owens Thomsen, chief economist at Banque Internationale de Placement/Dresdner Bank in Paris, believes the central bank's decision not to cut rates "shows that a strong French franc [on the foreign exchange markets] remains a major priority."

She said European bond markets were largely dominated by activity in the currency markets. "If the US dollar trades durably above the DMI.53 level, we could see a reversal of spreads", with French bond yields falling below those of German bonds.

The German market ended lower, ignoring the release of

data showing that the annual rate of increase of west German cost of living had declined to 1.3 per cent in March, from 1.4 per cent in February.

Economists at UBS in Frankfurt said the data was "good news for bond markets as the improvement happened despite sharp increases in the prices of seasonal foodstuffs and mineral oil prices". They believe there is "a slight chance that (inflation rates) might be revised down" in the near future.

Lifo's June fund future settled at 98.98, down 0.12. In the cash market, the 10-year spread of US Treasuries over bonds stood at 35 basis points.

Ms Owens Thomsen said that although she does not expect the US Federal Reserve to raise interest rates soon, this spread could continue to widen gradually over the next few weeks, driven by inflationary fears "in the US."

UK gilts had a positive session, boosted by weaker-than-expected growth of retail sales in March. Lifo's June long gilt future settled at 105 1/2, up 1/8. The June short sterling future closed at 93.56, up 0.11, as analysts' expectations of a rise in base rates seemed to recede. Although most economists

Stability encourages EIB to lead flood of new issues

By Corner Middelmann

Continued stability in government bond markets and underwriters' desire to get deals out before Japan's Golden Week next week resulted in another deluge of new supply onto the eurobond market yesterday.

The European Investment Bank led the way with a DMI-h five-year benchmark offering priced to yield 10 basis points wider than recent - albeit smaller - D-Mark offerings for the World Bank and Austria. An official at Merrill Lynch, joint leads with Dresdner Kleinwort Benson, said the pricing reflected feedback gained during three days of pre-marketing. Some 60 per cent was placed in Asia and about 18 per cent went to German accounts, he said.

Komerční Banka, the Czech Republic's largest commercial bank, set a different kind of benchmark by being the first central European bank to issue a eurobond, \$200m of five-year paper yielding 78 basis points over Treasuries. "The issue marks a move away from the

syndicated loans market to a non-bank investor base", said lead manager CS First Boston. The next European Eurobond is likely to be the borrower's Bank Handlowy, Poland's, which is expected to bring a \$100m three-year bond via J.P. Morgan next week.

INTERNATIONAL BONDS

Late in the day, Abbey National sought to tap into revived institutional demand for five-year paper which had made Wednesday's issue for ABN Amro such a success, by launching a deal with very similar terms: \$500m of five-year bonds yielding 25 basis points over Treasuries. An official at Morgan Stanley, joint leads with Salomon Brothers, reported strong sales to UK and continental European institutions, although the spread widened slightly towards the close.

In the floating rate sector, Stadshypotek, Sweden's largest mortgage lender, launched its debut eurobond, \$200m of two-year paper at an all-in-cost

of 8 basis points over Libor. IBCA, the European rating agency, has assigned a long-term currency rating of BBB-minus to Hungary - the country's first investment-grade rating. Standard & Poor's rates it BB+ and Moody's Ba1, its highest sub-investment grade ratings. Hungary's eurobonds have performed strongly in recent months on market speculation that its rating might be lifted.

According to IBCA, "Hungary has an unblemished record of debt service, having neither rescheduled its foreign debt nor asked for debt relief in a Brady plan."

It also pointed to "evidence that last year's Boleros package is delivering the expected improvement in the current account to a sustainable level" and said the economy had continued to grow, in marked contrast to similar countries facing a similar need to adjust.

Moreover IBCA noted that the large capital inflows in recent years had pushed up the official reserves of foreign currency and have reduced Hungary's net external debt from its 1994 peak.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Lists various international bond issues including US Dollars, DM-Mark, Swiss Francs, and Canadian Dollars.

CSFP blames scandals for investor caution

By Nicholas Denton

Credit Suisse Financial Products, the derivatives subsidiary of CS Holding of Switzerland, has blamed the collapse of Barings and other derivatives scandals for a decline in custom in some markets.

In its annual review, CSFP said "sensationalist publicity" about bond and derivatives losses had "a materially adverse effect on the confidence of investors, and sparked a trend away from the use of

the more complex products". The fall-off in client activity was concentrated in the US, where several clients have sued Bankers Trust after making losses, and south-east Asia, where clients and banks have also clashed.

Companies in the US were also disconcerted by controversy over the accounting treatment of derivatives used for hedging, which can have the perverse effect under present rules of increasing the apparent volatility of earnings. Despite the caution of invest-

ors, CSFP lifted earnings in dollar terms to \$20m, up 9 per cent on 1994. It made more than CS First Boston, the investment banking subsidiary of CS Holding.

Earnings for most of CSFP's competitors are subsumed in the figures for the parent group, CSFP's results, in so far as they are a guide, show the industry largely without the backlash against complex "structured" derivatives. Rising equity markets, which revived investor interest in futures and options allowing

them to benefit from the trend, helped sustain earnings. Trading revenue from equity derivatives grew from \$68m to \$170m even as revenue from fixed income derivatives fell from \$58m to \$33m.

"Credit derivatives" - a new range of products which provide insurance against events such as sovereign default - were a growing area, CSFP said. But executives said derivatives industry had matured to the point that it no longer depended on the hot new product for profitability.

In its review, the fullest description of any derivatives business to be made public, CSFP reveals the complexity of the risks. Only a quarter of its risks are to do with straightforward movements in interest rates and other markets.

A full three-quarters relates to complicated factors such as the volatility of markets, which affects the price of options contracts between CSFP and clients; and the shape of the yield curve, which alters the relative value of long and short-dated debt products.

WORLD BOND PRICES

Table with columns: Country, Coupon, Maturity, Price, Yield, Week ago, Month ago. Lists benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury, ECU, and Luxembourg.

BUND FUTURES OPTIONS (LIFE) DM250,000 points of 100%

Table with columns: Strike, Price, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists futures options for Bunds.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price, Yield, Maturity. Lists various fixed interest indices.

FT FIXED INTEREST INDICES

Table with columns: Index, Price, Yield, Maturity. Lists various fixed interest indices.

US INTEREST RATES

Table with columns: Rate, Yield, Term. Lists US interest rates for various terms.

UK GILTS PRICES

Table with columns: Issue, Price, Yield, Term. Lists UK gilt prices for various issues.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issuer, Amount, Coupon, Yield. Lists international bond service details.

COMMODITY PRICES

Table with columns: Commodity, Price, Change. Lists commodity prices and changes.

BOND FUTURES AND OPTIONS

Table with columns: Country, Coupon, Maturity, Price, Yield, Week ago, Month ago. Lists bond futures and options for France, Germany, and UK Gilts.

US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

Table with columns: Strike, Price, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists US Treasury bond futures.

DEUTSCHE MARK STRATEGIES

Table with columns: Issue, Price, Yield, Term. Lists Deutsche Mark strategies.

COMMODITY PRICES

Table with columns: Commodity, Price, Change. Lists commodity prices and changes.

UK GILTS PRICES

Table with columns: Issue, Price, Yield, Term. Lists UK gilt prices for various issues.

OTHER FIXED INTEREST

Table with columns: Issue, Price, Yield, Term. Lists other fixed interest instruments.

COMMODITY PRICES

Table with columns: Commodity, Price, Change. Lists commodity prices and changes.

COMMODITY PRICES

Table with columns: Commodity, Price, Change. Lists commodity prices and changes.

MARKETS REPORT

Buba comments help dollar reach 14 month high

By Philip Gawth

The dollar yesterday rallied to a fresh high after comments from a senior Bundesbank official were taken as licence to continue buying dollars and selling D-Marks.

uncertainty about a planned general strike next week and fears that the new finance minister, Mr Trevor Manuel, may prove less fiscally rigorous than his predecessor.

The dollar finished in London at DM1.5295, from DM1.5219. Against the yen it closed at ¥106.615 from ¥106.785.

The Italian lira closed at L1,021 against the D-Mark, from L1,023, after earlier reaching an 18 month low around L1,017.

The Swedish riksbank continued the recent trend in Europe towards lower interest rates by cutting the interest rate corridor by 75 basis points.

Sterling continued its upward march against the D-Mark, finishing at DM2.3116, from DM2.3023. It was little changed against the dollar at \$1.5114 from \$1.5128.

Mr Zettler's silence on the D-Mark/yen rate was curious given the historically close link between this rate and German export confidence.

Mr Turner said that bilateral trade between the two countries was fairly low, suggesting that the importance of the rate related to their relative competitiveness in third markets.

Not everyone believes the yen is set to rally further against the D-Mark. Mr Kit

which had boosted the yen recently.

There is wide agreement that the rand has become detached from economic fundamentals. The problem for the government is that volatility makes it more difficult to relax exchange controls, but that volatility may well persist so long as the threat of exchange control relaxation hangs over the market.

Mr Chris Stals, governor of the Reserve Bank, told Reuters yesterday: "It is getting more difficult to remove exchange controls. We first have to get stability back into the market."

Whatever we do on exchange controls must be done in an atmosphere of more stable conditions.

One of the silent winners in the recent process of exchange rate moves has been sterling - coming, ironically, against the backdrop of a government in an increasingly weak position.

It has been the last of the big devaluations in 1992/3 to enjoy a significant rally.

Mr Turner said there appeared to be a re-appraisal underway of the conventional argument that sterling was the victim of "political concerns".

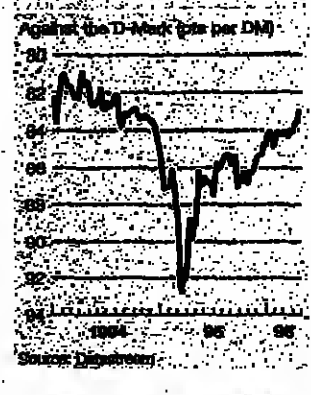
"We have long argued," said Mr Turner, "that the political risk for sterling is not so much who wins the election but rather what the current government might do in terms of taking risks with the macro-

policy stance ahead of it."

There is wide agreement that the rand has become detached from economic fundamentals. The problem for the government is that volatility makes it more difficult to relax exchange controls, but that volatility may well persist so long as the threat of exchange control relaxation hangs over the market.

Mr Chris Stals, governor of the Reserve Bank, told Reuters yesterday: "It is getting more difficult to remove exchange controls. We first have to get stability back into the market."

Whatever we do on exchange controls must be done in an atmosphere of more stable conditions.



WORLD INTEREST RATES

Table with columns: Money Rates, Apr 25, Over night, One month, Three months, Six months, One year, Lomb. inter., De. rate, Repo rate. Rows include Belgium, France, Germany, Italy, Netherlands, Switzerland, UK, Japan, etc.

EURO CURRENCY INTEREST RATES Table with columns: Apr 25, Short term, 7 days notice, One month, Three months, Six months, One year. Rows include Belgium, France, Germany, Italy, etc.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Apr 25, Closing mid-point, Change on day, Bid/offer spread, Day's bid, Day's ask, One month, Three months, Six months, One year, Bank of England. Rows include Europe, Americas, Asia, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Apr 25, Closing mid-point, Change on day, Bid/offer spread, Day's bid, Day's ask, One month, Three months, Six months, One year, J.P. Morgan. Rows include Europe, Americas, Asia, etc.

CROSS RATES AND DERIVATIVES

Table with columns: Apr 25, Bf, Dkr, Ffr, DM, L, Sfr, Nkr, Yen, Sfr, Sfr, Yen, Yen, Yen, Yen, Yen. Rows include Belgium, Denmark, France, Germany, Italy, etc.

UK INTEREST RATES

Table with columns: Apr 25, Over night, 7 days notice, One month, Three months, Six months, One year. Rows include Interbank Sterling, Sterling CDs, Treasury Bills, etc.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Rows include Adam & Company, Allied Trust Bank, All Bank, etc.

EMERSON EUROPEAN CURRENCY UNIT RATES

Table with columns: Apr 25, Ecu con., Rate, Change on day, % chg on prev. day, % spread, Div. Rows include Spain, Netherlands, Belgium, etc.

RUSSIAN FINANCIAL MARKETS - WHAT ARE THE PROSPECTS?

STATE OF THE RUSSIAN STOCK MARKET D. Vasiliev, Chairman, Federal Commission on Securities and Stock Market, Russia. RUSSIAN FINANCIAL MARKETS: SPECIFICS OF DEVELOPMENT S. Aleksashenko, First Deputy Chairman, Central Bank of Russia. PRIVATEIZATION: NEW OPPORTUNITIES I. Lipkin, First Deputy Chairman, Federal Property Fund, Russia. SURVEILLANCE OF THE STATE BUDGET ROLE OF GOVERNMENT BONDS B. Zlatkin, Head of the Securities Department, Ministry of Finance, Russia. LEGISLATION OF THE RUSSIAN STOCK MARKET ACTIVITIES: WAYS OF DEVELOPMENT R. Oskovkov, Head, State Legislation Department, Presidential Administration and First Deputy Chairman, Federal Commission of Securities and Exchange, Russia. RUSSIAN STATE DUMA: REGULATING GOVERNMENT SECURITIES MARKET M. Zakhomov, Chairman, Budget Committee, State Duma, Russia. STATE ANTIMONOPOLY REGULATION OF THE STOCK MARKET V. Belov, Deputy Chairman, State Antimonopoly Committee. STATE SECURITIES MARKET INFRASTRUCTURE Speaker from Moscow International Currency Exchange (MICEX). RUSSIAN STOCK MARKET DEVELOPMENT: INSTITUTIONAL ASPECT D. Ponomarev, President, PAUFOR. REGIONAL STOCK MARKETS IN RUSSIA V. Korovin, Director, Foreign Investments, Federal Stock Corporation. INFORMATION AND TRADING SYSTEMS: FUTURE PROSPECTS K. Merzlikin, General Director, Interfax-Dealing. OVER-THE-COUNTER TRADING A. Datsenko, General Director, Moscow Partners (Securities). RUSSIAN ISSUERS: TRENDS AND PROSPECTS A. Kosharev, Managing Director, CFP Financial Management Group. EMERGING REGISTRATION SERVICES D. Shaloff, President, National Registration Company.

FT FINANCIAL TIMES THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS AND CENTRE FOR FOREIGN INVESTMENT AND PRIVATIZATION IN association with FINANCIAL IZVESTIA London, 20 & 21 May 1996

SESSION 4: ECONOMIC PROGRAMMES OF THE PRESIDENTIAL CANDIDATES PARTIES Panel discussion with Senior Representatives from the Communist Party of the Russian Federation; the Liberal Democratic Party of Russia; "Our Home is Russia" and "Yabloko" IMPLICATIONS FOR RUSSIAN FINANCIAL MARKETS C. Granville, Head of Research, United City Bank. SESSION 5: RUSSIAN CORPORATE SECURITIES GAZPROM SHARES AND STOCK MARKET: WHAT TO EXPECT Speaker from Gazprom DEPOSITORY RECEIPTS: WHY ISSUE? V. Schmidt, Vice President, LUKoil. SURVEILLANCE OF THE STATE BUDGET ROLE OF GOVERNMENT BONDS B. Zlatkin, Head of the Securities Department, Ministry of Finance, Russia. SESSION 2: RUSSIAN CAPITAL MARKET INFRASTRUCTURE AND REGULATORY ENVIRONMENT LEGISLATION OF THE RUSSIAN STOCK MARKET ACTIVITIES: WAYS OF DEVELOPMENT R. Oskovkov, Head, State Legislation Department, Presidential Administration and First Deputy Chairman, Federal Commission of Securities and Exchange, Russia. RUSSIAN STATE DUMA: REGULATING GOVERNMENT SECURITIES MARKET M. Zakhomov, Chairman, Budget Committee, State Duma, Russia. STATE ANTIMONOPOLY REGULATION OF THE STOCK MARKET V. Belov, Deputy Chairman, State Antimonopoly Committee. STATE SECURITIES MARKET INFRASTRUCTURE Speaker from Moscow International Currency Exchange (MICEX). RUSSIAN STOCK MARKET DEVELOPMENT: INSTITUTIONAL ASPECT D. Ponomarev, President, PAUFOR. REGIONAL STOCK MARKETS IN RUSSIA V. Korovin, Director, Foreign Investments, Federal Stock Corporation. INFORMATION AND TRADING SYSTEMS: FUTURE PROSPECTS K. Merzlikin, General Director, Interfax-Dealing. OVER-THE-COUNTER TRADING A. Datsenko, General Director, Moscow Partners (Securities). RUSSIAN ISSUERS: TRENDS AND PROSPECTS A. Kosharev, Managing Director, CFP Financial Management Group. EMERGING REGISTRATION SERVICES D. Shaloff, President, National Registration Company.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

CHEMICALS

Table listing companies in the Chemicals sector.

DISTRIBUTORS

Table listing companies in the Distributors sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

ENGINEERING - Cont.

Table listing companies in the Engineering - Cont. sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Eqpt - Cont. sector.

ENGINEERING

Table listing companies in the Engineering sector.

ENGINEERING, VEHICLES

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EXTRACTIVE INDUSTRIES

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INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector.

HOUSEHOLD GOODS

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INSURANCE

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INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector.

Advertisement for Railtrack Share Offer, featuring the text 'Don't be side tracked.' and 'Share Offer' logo.

HEALTH CARE - Cont.

Table listing companies in the Health Care - Cont. sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

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INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

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سكرا من الاصل

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued) with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued) with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies (continued) with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies (continued) with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for Name, Price, and % Change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AM - Cont.

Table listing American companies (continued) with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

SMART BUSINESSMEN DON'T PAY THEIR STAFF. CMG Creating shared success.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Group, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Index...

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4978 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds with columns for Fund Name, Unit Price, and Change.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds with columns for Fund Name, Unit Price, and Change.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds with columns for Fund Name, Unit Price, and Change.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds with columns for Fund Name, Unit Price, and Change.

ROYAL BK OF CANADA IIS Fd Mgrs Ltd - Contd.

Table listing Royal Bank of Canada IIS Fd Mgrs Ltd funds.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds.

LTI Asset Management Ltd

Table listing LTI Asset Management Ltd funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds.

Dragon Korea Fund Plc

Table listing Dragon Korea Fund Plc funds.

ISLE OF MAN (REGULATED)**

Table listing Isle of Man (Regulated) funds.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man (SIB Recognised) funds.

ISLE OF MAN (REGULATED)**

Table listing Isle of Man (Regulated) funds.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man (SIB Recognised) funds.

Outright Ltd (Contd.)

Table listing Outright Ltd funds.

ISLE OF MAN (REGULATED)**

Table listing Isle of Man (Regulated) funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds.

JERSEY (REGULATED)**

Table listing Jersey (Regulated) funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds.

Lloyds Private Banking (C) Ltd

Table listing Lloyds Private Banking funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

Facility Funds - Contd.

Table listing Facility Funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

S-C Eastern Luxembourg SA - Contd.

Table listing S-C Eastern Luxembourg funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

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LUXEMBOURG (REGULATED)**

Table listing Luxembourg (Regulated) funds.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing fund names, prices, and performance data. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Prices are in pence...
For further information...

LONDON STOCK EXCHANGE

MARKET REPORT

Bid talk returns and trigggers uptick in equities

By Steve Thompson, UK Stock Market Editor

Disappointing economic news plus a series of profits warnings and the aftermath of the government's veto on generator bids for the re-cast continued to cast a shadow over the London stock market.

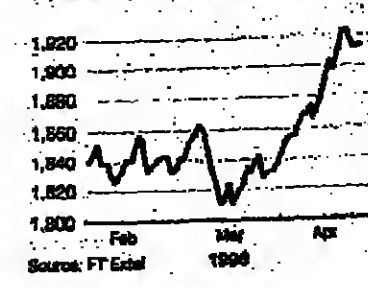
flip by the sparkling market debut of Millennium and Cophthorne, the hotels group, whose shares ended their first day at a near 20 per cent premium to the placing price.

rumours that a bid was imminent. It was the utilities sector that continued to capture the market's attention as reports that the government would use its golden share to prevent any takeover in the generators triggered another big sell-off in National Power and PowerGen.

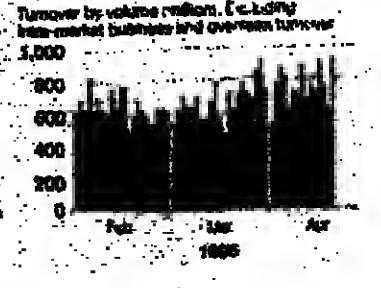
March, against expectations of a 0.5 to 0.6 per cent rise, was initially seen as bearish, but quickly gave rise to the view that evidence of a slowdown in the economy could provide the chancellor of the exchequer with more ammunition to reduce domestic interest rates.

After briefly moving into positive ground in mid-morning, the Footsie drifted off again before rallying towards the close of trading.

FT-SE-A All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3819.3), FT-SE Mid 250 (4553.3), FT-SE-A 350 (1932.4), FT-SE-A All-Share (1914.27), and FT-SE-A All-Share yield (3.69).

Best performing sectors

Table with 2 columns: Sector Name and Change. Includes Building Mats & Merchs (+1.6), Diversified Industrials (+1.0), Life Assurances (+0.8), Oil Integrated (+0.5), and Breweries: Pubs & Rest (+0.5).

Power bid talk returns

Regional electricity stocks shook off Wednesday's gloom as bid speculation once again returned to the sector, sending the shares sharply forward.

strong run lately, moving up from 500p since the end of March, so the profit-takers had plenty to chew on. But there was talk yesterday that the fundamental trading outlook might be about to turn negative.

Shares in fund management group Perpetual topped the list of the day's best performers in the FT-SE Mid-250 index after the stock gained nearly 6 per cent on bid speculation.

severe downgrade, reducing by 510m to 355m, although analysts at the broker said they remained "long term positive" on the stock.

Analysts were at a loss to explain the reaction. The group said nothing that the City had not pencilled in months ago, commented one sector watcher. BAT produces first-quarter results next Wednesday.

Greenland group leapt 13 1/2 to 639 1/2p after its chairman gave an interview in which he said sales were in line with analysts' forecasts and that trading was robust. The company's results are due in May.

FUTURES AND OPTIONS

Table with 4 columns: Instrument, Open, Settle, Change, High, Low, etc. Includes FT-SE 100 INDEX FUTURES (OFFER) and FT-SE 100 INDEX OPTION (OFFER).

Power bid talk returns

Regional electricity stocks shook off Wednesday's gloom as bid speculation once again returned to the sector, sending the shares sharply forward.

The recent news flow has been distinctly downbeat. IATA warned this week that airline fleet building was beginning to outstrip demand; the KLM share price has been visibly weak on charter work.

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TRADING VOLUME

Table with 2 columns: Major Stocks and Volume. Lists various stocks like AstraZeneca, BHP, etc., and their trading volumes.

BA tumbles

Concern that the top of the airline cycle may be fast approaching severely dented British Airways, which tumbled steeply in above average volume.

Several brokers moved to downgrade full-year profits expectations, including James Capel which cut its figure by 55m to 590m. Kleinwort Benson weighed in with a more

severe downgrade, reducing by 510m to 355m, although analysts at the broker said they remained "long term positive" on the stock.

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FT GOLD MINES INDEX

Table with 2 columns: Index Name and Value. Includes Gold Mines Index (208.18) and Africa (301.24).

Advertisement for HSBC Samuel Montagu. Text includes: 'WHEN CONSIDERING UK CORPORATE FINANCE, WE RECOMMEND YOU SEE A SPECIALIST.', 'We are the UK Corporate Finance arm of HSBC Investment Banking...', 'THE SPECIALIST IN UK CORPORATE FINANCE.', 'HSBC Samuel Montagu' logo and contact information.

FT-SE Actuaries Share Indices and The UK Sector. Large table with multiple columns: Index Name, Days, Div, Net, P/E, etc. Includes FT-SE 100, FT-SE Mid 250, FT-SE-A 350, and various industry baskets.

Handwritten Arabic text: 'صكنا من الامل'

WORLD STOCK MARKETS

Table of world stock markets including sections for EUROPE, ASIA, AMERICA, PACIFIC, and AFRICA. Each section lists various stock indices and their performance.

Advertisement for Rockwell: 'In the world of automotive component systems, Rockwell is world class'. Includes the Rockwell logo.

INDICES table showing various regional and global indices with columns for index name, current value, and change.

US INDICES table showing major US stock indices like S&P 500, Dow Jones, and NASDAQ.

Table of active stocks and trading activity, including columns for stock name, price, and volume.

Table of active stocks for various regions including South Korea, Taiwan, Thailand, and North America.

Market summary and news section containing brief reports on global market trends and financial news.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table of stock prices for various companies, including symbols, names, and prices. Includes a small advertisement for Hewlett-Packard at the bottom.

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Advertisement for Hewlett-Packard with the headline 'Race to Market' and text about business decisions and computer systems.

Handwritten text at the bottom center of the page.

Continued on next page

SKI gloomy outlook as profit slip in first term

Res notation tall

Future

1 pm close April 25

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for -Y-, -W-, -U-, -X-Y-Z-, and -T-.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Change, and Volume.

Advertisement for Belgium. Text: 'Have your FT hand delivered in Belgium.' Includes contact information for Financial Times World Business Newspaper.

NASDAQ NATIONAL MARKET

1 pm close April 25

Table of NASDAQ National Market with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for -L-, -B-, -F-, -G-, -H-, -I-, -J-, -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-, and -AA-.

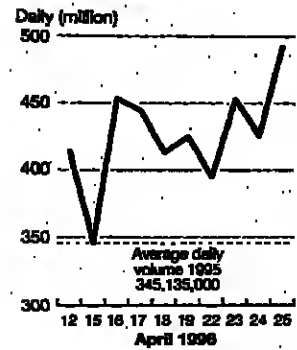
AMERICA

Pressure on oil pricing upsets Dow

Wall Street

Sinking oil prices pushed the Dow Jones Industrial Average sharply lower in early trading yesterday, while other indices were mostly flat as earnings reports came in near to Wall Street expectations, writes Lisa Branstetter in New York.

NYSE volume



Technology shares were stable, with the Nasdaq composite off 1.35 at 1,175.49 and the Pacific Stock Exchange technology index 0.1 per cent lower.

In the past five sessions the Nasdaq has risen 5 per cent as a host of companies helped to restore optimism to the sector by posting stronger than expected quarterly earnings.

Oil issues, which have risen sharply over the past several sessions, slipped yesterday, pushing down the Dow, which counts three oil companies - Chevron, Exxon, and Texaco - among the 30 in the index.

Canada

Toronto remained firm in mid-session trade, helped by strength in gold and good corporate results. The TSE 300 composite index was 9.29 higher by noon at 1,125.60 on volume of a busy 51.5m shares.

BCE jumped \$1.05 to C\$53.10 as the telecommunications giant turned in strong quarterly earnings.

Gold shares were active, although Bre-X Minerals, with operations in Indonesia, fell 75 cents to C\$185.75.

Dairina strengthened C\$2.75 to C\$30.45, while Miel was 45 cents higher at C\$3.75.

One factor contributing to the weakness in the oil sector was a press report suggesting that the Organisation of Petroleum Exporting Countries (Opec) was considering

EUROPE

Political hopes steer Madrid to all-time high

Hopes that the centre-right Popular party would soon strike a deal with Catalan nationalists to form a stable government led MADRID to an all-time high.

The General index rose 1.82 to 359.85. Analysts expected that the market would remain strong, although they pointed to 360 as a strong resistance level.

Telefonos put on Ptas45 at Ptas21,195 after it announced that first-quarter profits rose by 20.3 per cent.

Popular declined Ptas360 to Ptas21,910 as it denied rumours that it wanted to take over BCH, unchanged at Ptas2,680. Santander picked up Ptas110 to Ptas1,160.

Huarite, the troubled construction company, gave up another Ptas5 to Ptas310 as the company continued to struggle to avoid liquidation following the withdrawal by Hochtief, the German contractor, from a potential partnership.

ZURICH turned its attention to Swiss Re as the group reported a 58 per cent increase in 1995 group net profits, but an early surge in the shares to a high of Sfr1,324 soon gave

way to profit-taking which left the stock Sfr1 off at Sfr1,313. The SMI index followed much the same course, turning back from a peak of 3,682 to close 0.3 easier at 3,663.1, with much of the action driven by derivative dealings.

Industrial and banks were mostly lower. UBS fell Sfr7 to Sfr1,292 ahead of first-quarter results due today, but SBC added Sfr1 at Sfr468.

FRANKFURT moved quietly higher in the fib as the dollar improved. The fib ended at 2,538.68 after a close during floor trade of 2,532.41.

Daimler-Benz finished up DM3.20 at DM845.80 on forecasts sales by Bayer fell DM5 to DM511.30 after going ex-dividend and having announced a rise in pre-tax profits in the first quarter slightly above expectations.

Lufthansa slipped 70 pfes to DM292.30 after reporting a rise in first-quarter passenger traffic. Wells was unchanged at DM720 after announcing a fall in 1995 profits.

AMSTERDAM looked at the first-quarter results from KNP BT, did not like them and marked the shares down F1.30

FT-SE Actuaries Share Indices

Table with columns for FT-SE Actuaries Share Indices (100, 200, 300) and THE EUROPEAN SERIES (100, 200, 300) for various dates from April 25 to April 19.

or 8 per cent to F1.40. Investors were also unmoved by the group's forecast of a drop in 1996 net. The AEX index lost 2.55 to 651.38.

PARIS was slightly disappointed by the decision by the Bank of France to keep the intervention rate unchanged, and the CAC-40 index softened 5.75 to 2,116.35. Turnover was around FF4.5bn.

Valero was up against the trend, rising FF3.30 to FF7.254. As bid speculation continued to mount, Cerus, the French holding company of Carlo de Benedetti, has said it will examine offers for its near 30 per cent stake in the car parts maker.

VIENNA took its cue from Wienerberger as shares in the brick maker rallied Sct75 or 3.5 per cent to Sct2,215, fol-

owing news that it was to form an alliance with Terca Brick Industries, of Belgium.

The ATX index moved up 1.32 to 1,180, extending a six-day bull run and touching a new 19-month high.

The merger news helped to soften a warning from the group that 1996 earnings could be eroded by the country's most severe winter in decades, as well as by worsening market conditions.

OMV, the oil and chemicals group, continued to advance ahead of next month's public offer. Dealers said foreign investors were behind its Sct2 rise to a new high for the year of Sct1,008.

OSLO had heavy trading in Transocean, a rig company, and Aker, the offshore and

ASIA PACIFIC

Hong Kong loses 1.3% as Topix hits two-year high

The 300-share Nikkei edged forward 0.14 to 317.55, while the Hang Seng index climbed 11.23 to 2,226.97.

HONG KONG fell 1.3 per cent, sapped by renewed weakness in US stocks and bonds overnight. The Hang Seng index lost 145.21 to 10,753.38 in turnover up slightly to HK\$3.4bn.

Leading banks led the downturn as they again came under further pressure on worries over the current mortgage rate war. HSBC dipped HK\$1.50 to HK\$14.50, as did Hang Seng Bank to HK\$7.75. Bank of East Asia slipped 50 cents to HK\$25.50.

Key blue chips were broadly lower. Cheung Kong eased 50 cents to HK\$33.75, Sun Hung Kai Properties HK\$1.75 to HK\$71.75 and HK Telecom 30 cents to HK\$14.65.

SEOUL saw late profit-taking trim sharp early gains and the composite index ended 8.05 up at 954.69 after touching this year's record intra-day peak of 977.44 in morning dealings. Trade was active, 57.2m shares changing hands.

Brokers said institutions, and particularly insurance companies, were moving back to the stock market to compensate for softening bond yields.

Among banks and insurers, Bank of Fusan gained W\$300 to W\$2,000, while Woori hit a year's high of W\$10,900. Samsung Fire Insurance rose W\$30,000 to its limit of W\$43,000.

Posco moved ahead W\$3,500 to the day's upper limit of W\$62,800 on expectations that steel export prices would rise.

KUALA LUMPUR was broadly weaker, although large gains were seen in the shares of Malaysian United Industries and Pengkalen Holdings. Second board shares were sharply lower as investors pared positions ahead of a long holiday weekend.

The composite index ended 7.30 weaker at 1,162.14, while the second board index lost 12.40 or 2.5 per cent to 462.64. MUI and Pengkalen jumped on speculation that MUI would launch a hostile bid for Pengkalen. MUI, which rose 38 cents to M\$2.54, said on

wegian investment group Resource Group International, was thought to have sold out of B shares and bought up the A stock.

ISTANBUL declined as the lira weakened over fears that the coalition government might collapse in a row over allegations of corruption against the former prime minister, Ms Tansu Ciller.

The market dropped more than 4 per cent in the opening minutes before stabilising, and closed 1,391.97 or 2.1 per cent down at 64,531.2.

WARSAW hit its fourth consecutive year-high but lower volumes and selling after price fixing signalled the market could be ready to consolidate.

The Wig index rose 85.3 or 0.7 per cent to 12,499.0 as turnover shrank 9.5 per cent to 146.1m zlotys.

Optimus, a computer maker, leapt 6.3 per cent to 34 zlotys on news that it planned to sell a convertible bond at a premium to the market price.

MILAN was closed for a public holiday. Written and edited by Michael Morgan and John Pitt

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Brazil cabinet moves

SAO PAULO was slightly higher at midday as investors were encouraged by news that President Fernando Henrique Cardoso would reshuffle several cabinet ministers.

The Bovespa index was up 177.63 points at 50,633. MEXICO CITY was soft in early trading, weighed down by a decline in Televisa shares.

The IPC index had receded 27.35 to 3,225.52. Trading volume was standing at 13m shares.

Televisa was down 3.1 per cent in its benchmark CPO shares.

The company reported first-quarter losses of 395m pesos, versus a profit of 150m pesos a year ago.

South African golds flourish

Gold shares moved sharply higher, with key stocks scaling new peaks in busy trade as the rand sank to a fresh record low. Bullion's break out of its recent trading range to lift above \$393 an ounce pushed the sector index up 3.9 per cent to an 11-week high.

The rand fell to R4.4250 against the dollar. Dealers said its depreciation had made for a confused and pessimistic market. Industrials were firmer in cautious trade, driven by rand lifters which prompted rand hedge buying.

Dealers said stability would

only return to the financial markets if Mr Trevor Manuel, the minister of finance, provided concrete plans on exchange control abolition and rand support.

The overall index made 68.4 to 7,048.5, the industrial index was 44.2 stronger at 8,503.1 and the golds index gained 72.1 or almost 4 per cent at 1,911.1.

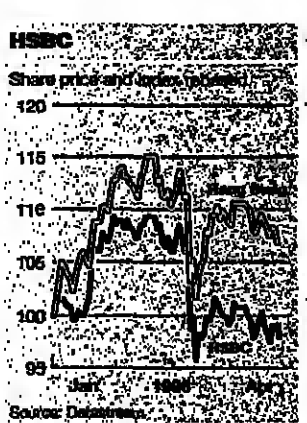
Anglo forged ahead R7 to R222, Gencor added 75 cents at R18.75, Frescoold soared some 8 per cent to a new high of R45 and Loraine made 8 per cent to match its record of R18.25.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

Table with columns for NATIONAL AND REGIONAL MARKETS, US Dollar Index, and various regional indices (Australia, Austria, Belgium, etc.) with their respective values and changes.

The World Index (2000) 212.04 -0.1 206.67 143.73 168.48 182.02 0.1 2.07 213.12 208.85 143.41 188.19 182.51 213.12 181.82 194.64



Wednesday that it had bought a 31 per cent stake in Pengkalen, ahead 80 cents at M\$7.50. SINGAPORE remained cautious and the Straits Times Industrial index put on 3.57 at 2,384.76 after spending most of the day in negative territory. Selective demand was seen

Advertisement for POLTAVA PETROLEUM COMPANY, Ukraine. Includes PPC logo, company name, USD 8,000,000 financing offer, and contact information for European Bank.

Handwritten text: سكوذا من الاصل

RECRUITMENT

JOBS: The facts of life for women in the workforce may not be all they seem
Babies who triumph over big business

Catherine Hakim, a researcher at the London School of Economics, has earned herself notoriety among many fellow academics for holding unfashionable views which challenge certain feminist beliefs about women and employment.

Hakim says her research shows that women prefer men as their bosses, that most women and men still regard wives as having the primary responsibility for housework and husbands as the main breadwinners, and that the full-time working woman is in the minority.

Her findings emerged earlier this year in an article for the British Journal of Sociology. She has now expanded her thesis into a book. It may be that Hakim has chosen to take a deliberately confrontational stance, but her findings cannot be ignored. She reports, for example, that half the working women who have a baby drop out of the workforce for a year or longer. The chances of a woman returning after having a baby to a job held open to her by an employer are no more than 50/50 - a real issue for small employers who bear the cost of holding open such jobs.

The findings should not be used to challenge women's right to equality in the workplace. But it may be that there has been an over-emphasis on the glass ceiling and less attention paid to why many women drop out of their careers,

turning their backs on management. If this is happening widely, it would suggest there is a danger of the equal opportunities laws discriminating against the employer.

Her findings also demonstrate that attitudes and employment approaches of men and women continue to differ markedly. This has implications for management development. Some employers are already finding that many women drop out of their management streams at stages where they would have been approaching senior jobs.

Such observations can only be frustrating for women who are single-mindedly pursuing demanding careers, but they suggest that the truly egalitarian workplace where women are equally represented in every area may remain a dream.

Rent-a-head

The Battle of Towton moor in Yorkshire took place more than 500 years ago, but it somehow came to mind when thinking about interim management. It was fought in a snow storm on Palm Sunday in 1461. An accurate number of the

slain is not known but it probably went into the tens of thousands, enough for Towton to be recorded as the bloodiest battle on English soil.

It was one of the many encounters in the Wars of the Roses between the houses of Lancaster and York. The Yorkists won on this occasion although neither army comprised vast numbers of county yeomen. Rather their ranks were swollen by thousands of foreign mercenaries who were roaming Europe, fighting for whoever could offer them an attractive purse.

Are we, at this late stage of the 20th century, witnessing the growth of the professional interim executive, cast adrift through no fault of his or her own, and willing to do battle for anyone who can pay the right price? A new guide, produced by the Association of Temporary and Interim Executive Services, a trade body, estimates that in the UK alone there are between 8,000 and 10,000 senior executives operating as interim managers. The market, it reckons, is worth about £200m a year and is growing at a rate of 25 per cent a year.

Headhunting firms are growing increasingly interested in servicing this specialist market through dedicated operators. Egon Zehnder, for example, has EDM and Heidrick & Struggles has Protom. Boyden International has gone one step further by applying its own brand name to Boyden Interim Executive, run by Martin Wood who for five years managed the interim management arm of PA Consulting.

Wood says that many businesses continue to find difficulty with the concept of interim management. He likes to use the term headhunting, which he thinks fits neatly alongside headhunting.

To help potential customers, Wood distinguishes between different roles the temporary executive might play. For example, there is contract temping, which involves keeping a seat warm and a business or department ticking over.

A more demanding proposition is the true interim manager who is geared more towards project management. The executive would be usually over-qualified for the task, enabling him to get on with the job quickly from day one.

While the contract temp might look towards a permanent position, the new breed of interim will be happier to move from assignment to assignment. Companies, says Wood, are slowly coming to terms with the advantages of this kind of just-in-time management.

It is not cheap. A £40,000 a year job would probably be billed by an individual at the equivalent of £80,000, and the agency would expect to get a proportion equivalent to £20,000 a year on top.

One reason for the growing popularity of interim management, according to Andrew Garner of Boyden, is that fewer companies are prepared to carry the management overheads involved in succession planning in the current business climate. "They will be bringing in managers as needs must," he says. "What is not happening in management thinking at the moment is any consideration of when these changes will start to have their impact in the boardroom."

Changing employment demands have already filtered through into shorter contracts and longer hours for many senior executives. The

next step may be to look at boardroom composition and to ask whether every member is doing their place at the table. The Wars of the Roses were terribly destructive to those at the top.

Breaking through

An outplacement package is probably rightly regarded as one of the best ways of helping those who have lost their jobs in a redundancy programme find new employment. The search techniques and processes for coming to terms with the upheaval of job loss offered by outplacement specialists can prove invaluable. But it is expensive and cheaper options may be more attractive for those who would prefer a cash alternative.

The reason for mentioning this is a book that has come across my desk covering many of the most effective strategies for dealing with sudden unemployment and the need to find a new job. The book is called *Breakthrough*, written and published by Anthony Weldon, a self-employed printer and publisher (price £12.99). Without any back-

ground in the recruitment or outplacement business, Weldon has picked up the essentials, which are not particularly complicated, and outlined them in a format that enables the reader to dip into whatever topic is most pressing.

It advises how to deal with the emotional impact of redundancy, the feelings of denial, anger, rejection, insecurity, depression and desire for revenge. Although much of the advice is common sense, it can be so easily neglected - for example, the need to understand that your loss is also your partner's.

There is important financial advice on pensions, benefits and personal budgets. Other sections you determine your desired future career path, how to job search, including networking, how to present a CV and how to conduct yourself at interview.

Key issues in *Women's Work: Female Entrepreneurship and the Polarisation of Women's Employment*, published by Athlone Press, price £35, hardback, or £14.95 in paperback.

The *ATTE's guide to interim management* is priced at £9.95, tel 0171 323 4300.

Breakthrough can be obtained from bookshops or from *Bene Factum*, Weldon's publishing business, tel 0171 630 8816.

Richard Donkin

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- Broadening the appeal of existing products with highly targeted marketing initiatives and extending the product portfolio by cross-selling Group products.
- Key responsibility for strategic development. Training and developing a high performance team and support processes.

THE QUALIFICATIONS

- Talented graduate, mid 30s - mid 40s, with demonstrable record of success in developing retail financial businesses. Background with progressive blue-chip organisations and market credibility. Banking qualification desirable.
- Strategic thinker with strong marketing skills and understanding of modern marketing techniques and consumer behaviour. Highly commercial orientation with well-developed analytic abilities.
- Natural leader and initiative taker with first-class communication skills. Effective relationship builder across internal boundaries.

London 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please apply with full details to:
Selector Europe, 16 Colindale Avenue,
16 Colindale Avenue,
London WC9 2DP

CREDIT SUISSE

Senior Credit Analysts
Head Office Zurich

In order to expand our International Credit Risk Management team in Zurich, we are looking for experienced credit analysts. The roles entail:

Corporate Analysts

- Independent risk assessment of international corporations
- Financial analysis and cashflow forecasting
- Monitor existing exposures and follow-up on industry developments
- Close contact with relationship manager and clients

Financial Institutions Analysts

- Assist in the development of rating methodologies for banks, brokers and the fund management industry
- Creation of credit ratings to be used as an important part of our credit risk management for Financial Institutions

Successful candidates, ideally graduates with excellent academic background, should have gained experience in international credit analysis with in a first class financial institution or rating agency. You should be numerate, PC literate and display both strong initiative and decision making skills. Fluency in more than one language would be an advantage.

The positions offer an attractive financial package which includes relocation expenses.

Please forward your CV and covering letter to Mr Andre Studer, Human Resources, Credit Suisse, 5 Cabot Square, London E14 4QR. All shortlisted candidates will be contacted by 20th May 1996.

CREDIT SUISSE

MORGAN GRENFELL
ASSET MANAGEMENT

INSTITUTIONAL MARKETING EXECUTIVE

Morgan Grenfell Asset Management is a leading International Investment Group with an outstanding record of performance in managing assets totalling in excess of £60 billion on behalf of its clients, of whom at least two thirds are domiciled outside the UK. As a result of continuing business growth, the Group is seeking to appoint an additional Marketing Executive to join its well established and highly successful International Marketing team.

The Role

Initially, you will be responsible for co-ordinating the International Marketing effort from the London head office. Within the short to medium term it is envisaged that you will assume responsibility for marketing the Group's International Investment products to a diverse range of potential clients within specific geographical sectors. You will work closely with fund managers in preparing new business presentations and will contribute to the ongoing development of new products.

The Rewards

A highly attractive salary and bonus are offered, together with a generous benefits package. For ambitious and successful individuals long term career prospects are exceptional.

Please reply by letter or fax with a current CV and indication of current salary to KW Selection Ltd., 140 Park Lane, London W1Y 3AA. Fax: 0171 355 1521 Quoting ref: 60937/C1

KW SELECTION
A Knight Wendling Company

Head of Foreign Exchange Forwards

City

Excellent role as Head of the Foreign Exchange Forwards desk with a global investment bank based in London.

THE COMPANY

- Major UK-based international banking group.

THE POSITION

- Manage and lead an FX Forwards team consisting of 8-10 traders.
- Build upon current team profitability and ensure upgrading of team performance.

QUALIFICATIONS

- Graduate. Min 10 years' trading/sales and min 7 years' FX Forwards trading experience.
- Proven customer focus skills. Evidence of good relationships with key customers.
- Excellent money making track record. Cross-functional experience - sales and trading background desirable. SFA registered ideal.

Please send full cv, stating salary, ref FS604A2, to NBS, 10 Arthur Street, London EC4R 9AY

NBS SELECTION LTD
A BNB Resources plc company

NBS

City 0171 623 1520 • London 0171 499 6992
Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

سكوا من الاصل

HEAD OF THE SPECIAL INVESTIGATIONS UNIT

A UNIQUE FRAUD PREVENTION ROLE

Reporting directly to the Governors of the Bank of England, the Head of the Special Investigations Unit has a central role in investigating and preventing fraud and other criminal activities affecting the Banking sector. The current incumbent, Ian Watt, will retire late this year and the Bank is seeking to appoint his successor. The Unit includes a team of forensic accountants which carries out special investigations and acts as a source of expert knowledge and assistance for the Bank, and in particular its Supervision and Surveillance Division, on all fraud-related matters. The Unit takes the lead in identifying and following up incidents and trends and in developing an alertness within the Bank to potential criminal actions impacting its authorised banks. A key responsibility is liaison and co-operation with other investigative and regulatory agencies within the UK and abroad.

For this high profile role, professional credibility, personal probity and excellent interpersonal skills are important. Prospective candidates will be Chartered Accountants of over 20 years standing, probably having operated at Partner level with one of the UK's leading accountancy firms. Given the nature of the work, significant previous exposure to investigatory work is essential and it is likely that candidates will also have been involved in official investigations for regulatory bodies or government departments.

The rewards will reflect the seniority of the position and its importance both to the Bank and the financial community. For an informal discussion, please call Ian Watt on 0171 601 3801 or Roy Lacky-Thompson, Personnel Director, on 0171 601 3131. Alternatively, please write to Roy Lacky-Thompson, Personnel Director, Bank of England, Threadneedle Street, London EC2R 8AH.

The Bank of England is an Equal Opportunities Employer.



Trade Finance

Join a Winning Team

Opportunities to make an impact in an established dynamic trade finance team

Excellent Package
City

SBC Warburg is one of Europe's premier forces in integrated investment banking. Operating on a global scale it is widely regarded as one of the world's most dynamic and innovative financial institutions. Trade Finance is a key business for the group and the London-based team has a remit which embraces corporates throughout Western, Central and Eastern Europe.

related products to SBC Warburg's corporate clients.

At SBC Warburg the accent is on teamwork and quality of service. To meet our demanding criteria you must have extensive, relevant experience in your chosen field, supported by a strong track record in deal execution. Integrity, professionalism and credibility combined with superior communication skills will enable you to be successful within the Trade Finance team.

Recent successes have led to a significant increase in business and we now seek three additional trade finance professionals for the following positions:

In return you can expect an excellent salary and remuneration package - designed to reflect the level of contribution we expect, as well as the personal impact you will make on our business.

- Structured Trade Finance specialist with emphasis on business origination in European emerging markets
- Export Credit specialist with experience of multisourced transactions, to work closely with the Project and Structured Finance Team.
- Trade Finance expert to market trade-

To discuss these positions further or to apply please contact our Managing Consultant, Ann Semple, at NB Selection Limited, 10 Arthur Street, London, EC4R 9AY, telephone 0171 623 1520. Ref FS60405

SBC Warburg
A DIVISION OF SWISS BANK CORPORATION

Financial Development Manager

This is an opportunity to make your mark with Europe's largest mutual life assurance company in a fast-developing area of business. Standard Life's commitment to quality, to investing in people and to ensuring customer satisfaction have all contributed to healthy growth within the industry. We are now looking for an experienced development professional, able to see the broader picture and pass on technical knowledge, to promote collective investment products through both Independent Financial Advisers and our Direct Sales Force in the South East.

Working out in the field, you will provide expert advice to the sales force on the unit trust marketplace, new product developments and work with IFA Consultants, IFAs and Stockbrokers to develop potential business sources. This will involve participation in sales meetings, branch meetings and training sessions where specific investment expertise is required as well as direct sales calls on IFAs.

You must have at least three years' Unit Trust sales experience gained in an IFA environment and possess a high level of both unit trust and investment product knowledge coupled with market awareness. Lap-top computer literacy and above average report writing abilities are equally important to this role. Your excellent presentational and training skills will ensure that your workshop presentations are of the highest standard. Bright, personable and with exceptional liaison capabilities, you'll be quick to assimilate new information and be able to communicate persuasively to customers and the sales force.

We offer a competitive salary plus bonus package along with benefits which include a house purchase loan scheme, private medical cover, company car and non-contributory pension. If you feel you can enhance our quality of service and have the tenacity and drive to be involved in developing this new venture, we would like to hear from you.

To apply, please write with full career details, quoting reference 1522/FT, to: John R James, Recruitment Consultant, Standard Life Assurance Company, 40-42 George Street, Edinburgh EH2 2LE.

Closing date for receipt of applications 8th May 1996.



STANDARD LIFE

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

- Andrew Skarzynski on +44 0171 873 4054
- Toby Finden-Crofts on +44 0171 873 4153
- Robert Hunt on +44 0171 873 4095

HONG KONG BASED INVESTMENT BANKING OPPORTUNITIES

Jardine Fleming is Asia's leading investment bank. It has extensive investment banking, asset management, broking and banking operations in 15 countries in the Asia-Pacific region.

Jardine Fleming has a strong reputation for delivering value-added services of the highest quality to clients in Asia and worldwide through the Flemings Group. The Investment Banking team is recognised as a market leader in providing capital markets and advisory services. In view of the rapid growth of these businesses in the region, excellent opportunities now exist for talented individuals keen to develop a career in international investment banking.

The Positions

- Members of an investment banking team providing clients with a full range of financial advisory services including advice on equity raisings, mergers and acquisitions - both domestic and cross-border, privatisations and infrastructure financings.
- You will work closely with our regional offices and the group's international investment banking network in the origination, structuring and execution of transactions throughout the region.
- Based in Hong Kong, with significant overseas travel, you will have contact with a wide variety of clients and cultures.

The Candidates

- Graduates, preferably with a further professional qualification.
- Up to 4 years of relevant or post qualification work experience, gained within investment banking, consulting, legal and/or accounting professions an advantage.
- Creativity and numeracy, together with strong analytical skills, essential.
- Ambitious, confident and self-motivated team player. Excellent interpersonal and communication skills.
- Excellent command of spoken and written English.
- Asian language skills helpful.

Interested candidates please apply with a covering letter, full CV and contact telephone number to Investment Banking Department, Jardine Fleming Holdings Limited, 45th Floor, Jardine House, Hong Kong and marked on the envelope "Job Application". Short-listed candidates will be contacted by Jardine Fleming within 6 weeks.



Local Strength with Global Reach

Fixed Income Sales Bond Division

London An opportunity has arisen for a career minded professional to join our UK Institutional Sales team. Responsibilities will include selling multi-currency government and eurobonds to fixed income institutional investors in the UK. The successful applicant will already have an established UK client base and will ideally be a graduate with a minimum of 3 years' relevant experience. You should be a persuasive communicator, who is able to think laterally, and also have good numerical and analytical skills. The need to be self motivated and team orientated is essential. An attractive salary and benefits package is available, commensurate with experience and qualifications. Please write, enclosing a detailed CV and indicating your current remuneration package to: Mrs Amanda Stevenson, Personnel & Training Manager, Bond Division, Hambros Bank Limited, London EC3N 4HA.

Competitive salary + benefits



THE LONDON BOND BROKING COMPANY

LBB - A Division of Albert E Sharp

London LBB is an independent Agency Broker operating in all aspects of the international bond markets. The sales and marketing teams work together to provide a complete service to their large international client base, located both in the UK and overseas. This comprises independent and market advice, impartial research, best execution, reliable and secure settlement, and guaranteed confidentiality in the marketplace.

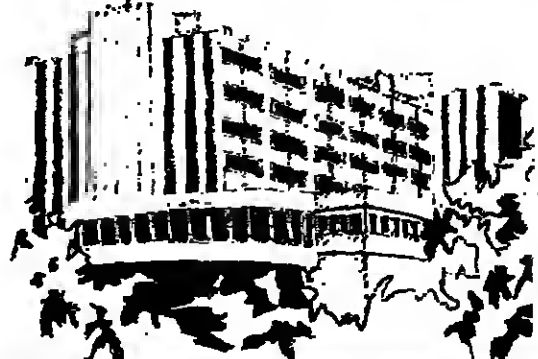
Experienced Sales Executives

LBB is seeking senior bond sales executives with proven track records and entrepreneurial qualities to further strengthen its presence in the international bond markets in both London and New York. The company offers a professional working environment and the opportunity for equity participation.

Please write in strictest confidence to: Mr A Bolton, Director of Sales, The London Bond Broking Company, Moor House, 119 London Wall, London EC2Y 5ET.

New York

Are you ready for a new CHALLENGE ?



Holiday Inn Worldwide, the hotel business of Bass PLC of the United Kingdom, operates or franchises more than 2,000 hotels and 370,000 guest rooms in more than 60 countries and territories. Holiday Inn is the world's largest single hotel brand.

To enable us to expand the brand throughout the emerging markets of Eastern Europe we are seeking to recruit additional people:

DEVELOPMENT DIRECTORS

- | | |
|---|---|
| <p>MAIN RESPONSIBILITIES</p> <ul style="list-style-type: none"> to identify potential projects and reliable business partners to undertake due diligence, and assess feasibility and profitability of projects to generate creative financing options to ensure compliance with appropriate legal requirements and brand standards to negotiate and conclude profitable deals | <p>THE PERSON</p> <ul style="list-style-type: none"> university level education five years business development experience, preferably in hotels, with an impressive track record of concluding significantly complex and profitable deals in Eastern Europe high degree of numeracy proven negotiating skills resourceful and independent fluency in English and German |
|---|---|

The positions may be based in either Prague, Vienna or Warsaw and will require extensive travel throughout Eastern Europe. If you meet the criteria we have set please send your curriculum vitae:

Ms Erna Fluyts, Holiday Inn Worldwide, Neerveldstraat 101/103, Woluwe Office Park, 1200 Brussels, Belgium. Fax +32 2 777 5601



Holiday Inn

مكتبة من الأصول

551 من الاجل

Finance
Investment Bank
Group in an established
Financial Institution

BZW Asset Management
Investment Analyst
BZW Asset Management is a leading international investment management firm with a reputation for excellence in the provision of investment management services to institutional investors. The firm is currently seeking a highly motivated and experienced Investment Analyst to join its London office. The successful candidate will be responsible for the research and analysis of international equity and fixed income securities, and will be required to produce regular reports and presentations to clients. The role involves a high degree of initiative and flexibility, and the candidate must possess a strong academic background and a proven track record in investment analysis. The position offers a competitive salary and benefits package, and the opportunity to work in a dynamic and challenging environment. For further information, please contact the Recruitment Department at BZW Asset Management, 100 Broad Street, London EC2R 2EJ. Tel: 020 7460 1000. Fax: 020 7460 1001. Email: recruitment@bzw.com

INVESTMENT BANKING. FROM A TO Z

Our Client, the largest independent Asian - only equity broking house, have a full range of offices and seats throughout Asia with sales offices in key centres. As a result of continuing success they are now looking for an individual to be generalist in

ASIAN EQUITY SALES

for each of their offices in
Geneva, Hong Kong, London,
New York and Singapore

Ideal candidates should have a proven knowledge of at least three Asian markets, excluding Japan, plus a background in institutional sales and or investment management. As the company is unbureaucratic and client - driven, the candidates must possess a high degree of initiative and flexibility. Compensation packages will compare favourably with the industry.

Reply in strict confidence to:

LEADER FINANCIAL RESEARCH LTD.
5th floor, 27 Austin Friars, London EC2N 2AA
Tel: 256 5550 Fax: 256 5580

Corporate Finance Analysts/Senior Executives to £15,000 + bonus

This independent merchant bank with a reputation for integrity and an international network that stretches to the Far East, seeks seasoned Corporate Finance Analysts/Executives in need of a new challenge.

Opportunities exist in specialist industry (including telecoms, healthcare and oil and gas), UK, European and Emerging Markets deal teams for first class candidates with at least 2 years transaction experience.

To qualify you will either be an Analyst on a US bank training programme or an experienced Executive from a top tier UK or European investment bank. A strong academic record is a must and a second European language would be an advantage.

Closer to the Markets, Credit and Quantitative Analysis to £40,000 + benefits

Are you an excellent credit or quantitative analyst who has always wanted to work with complex, derivative products or in a faster moving environment closer to the action?

We are currently handling specific assignments within American, European and UK banking organisations for high fliers with 1-2 years line banking or investment experience who are keen to stretch themselves and get out of the back room.

Excellent academics are required, as is a resilient and well balanced personality. Rewards are superb and opportunities currently exist within product research/structuring areas, trading, risk, and credit analysis groups. Many clients are willing to cross train in these competitive markets.

With so much movement and opportunity around, make sure you are taking the best career advice, call us today. Please telephone Jeremy Cooper or Zoe Ide on 0171 583 0073 or write to 16-17 New Bridge Street, London EC4V 6AU. Fax: 0171 353 9908

BADENOCH & CLARK
recruitment specialists

THE GUINNESS TRUST

The Guinness Trust is a charity and registered housing association providing over 15,000 homes for rent throughout the country.

A commercially astute finance professional, able to effectively manage the operation as the Head of the Development Finance Section is sought by the Trust.

This exciting role at a time of continuing growth will require you to:

- Provide a comprehensive treasury management service
- Play a major role in devising creative bids for new housing projects
- Negotiate new funding facilities
- Lead and motivate your team towards agreed goals.

To complement your degree (and possibly an MBA) you will need an impressive background in a managerial position involving raising finance either within an

organisation, in a consultancy capacity, or as a lender. Practical experience of treasury management and of capital project appraisal is essential and experience of social housing would be a definite advantage. Your proven talent and skills in treasury must be matched with an approachable and communicative style and you will be happy working as part of a multi-disciplinary team to tight deadlines. You must be able to demonstrate empathy with a service led function which combines commercial success with a rigorous approach to quality.

For further details and an application form please contact the Personnel Department at High Wycombe on 01494 535823. CVs will not be accepted.

If you would like to discuss this position informally please telephone Alfons Daniels, Finance Director.

Closing date for receipt of applications: 17th May 1996.

An Equal Opportunities Employer.
Charity No: 208076

RESEARCH MANAGER OXFORD UK

A well established Oxford based investment management company with substantial holdings in US private equity funds is seeking to appoint a Research Manager.

Responsibilities will include business intelligence activities, developing investment opportunities and undertaking projects with other members of the team

The successful candidate should have relevant experience, must be capable of detailed and thorough analytical work, have strong communications skills and should have a record demonstrating initiative and motivation. They will probably be about 30 years old.

To apply, please write by 1st May with full CV to:
Box A5336, Financial Times,
One Southwark Bridge, London SE1 9HL

One of the largest and most prominent banks in the Middle East is offering excellent opportunities to qualified candidates for the following positions:

SENIOR ECONOMIST

The successful candidate for this position will be in his forties, having academic qualifications (ideally a PhD/MA degree in Economics) with an undergraduate degree in numerate discipline and a solid research experience in a commercial bank, preferably in a Middle East banking environment. Report writing skills as well as ability to interface with Senior Management of the Bank are some of the other attributes we seek in the candidate's profile.

Key Requirements

- ability to develop economic research studies, evaluate new and existing economic trends and provide critical analysis to appropriate divisions of the Bank, including money market, capital market and foreign exchange trading desks.
- ability to prepare regular evaluation reports of the Saudi Arabian banking sector together with the positioning and matching of the Bank's own relative position and market share.
- ongoing analysis of global financial markets with a view to focusing on potential new business strategies.
- economic modelling and an ability to forecast the potential effect of various economic factors, interest rate movements and any other economic indicators.

MANAGER - CORPORATE FINANCE

The position demands a mature individual with at least 10 years' Corporate Finance/Corporate Banking/Syndication experience and at least three years' management experience at a major financial institution. Sound credit skills and the capacity to market syndicated products is a must. A Business or Economics degree and the ability to communicate on all levels will be very helpful. Knowledge of Saudi or other Gulf clients is a definite plus. Fluency in both written and spoken English is a must. Arabic knowledge helpful.

Key Requirements

- ability to develop and implement a marketing strategy aimed at soliciting and sustaining relationships with public entities, industrial corporations and trading companies.
- capability to propose, structure and implement a wide variety of lending products such as syndicated loans, project financing, leveraged transactions and leasing.
- proven knowledge to develop a Corporate Finance Advisory Capability, i.e. provide fee-based financial services to Saudi and related companies, including services related to capital formation, restructuring, financial engineering, acquisitions, divestitures and joint venture formations.
- proven skills to develop and implement strategic plans related to human resources, training and structure of the department.

The successful candidates for both the positions will receive a competitive financial package consisting of a tax-free salary (set source), furnished housing, annual vacation, air tickets and an opportunity to participate in the rapidly evolving financial sector within Saudi Arabia. Suitable candidates are requested to send their resumes urgently to:

Recruitment Department
P.O. Box 22613, Riyadh - 11416, Saudi Arabia, Fax: (00 9661) 405 7353

Our client is a company whose goal is to become the leading pan-European Carriers' Carrier by constructing and operating a managed, seamless, pan-European network, and providing high-quality transborder transmission services to licensed and other telecommunications carriers across Europe. In order to strengthen finance management, the company is looking for a (Brussels based) highly skilled (m/f)

International Tax Manager

Your function

- It is your goal to develop, implement and maintain an optimum corporate tax structure for the group.
- You will structure local entities in the most tax efficient manner, working closely with tax consultants.
- You participate in the preparation of business plans, budgets and forecasts.
- You supervise the preparation of corporate and VAT tax returns for all the group's entities.

Your profile

- Having worked for many years in a European based multinational company, you are familiar with tax regimes in different countries.
- Obviously you are strong in handling both corporate tax and VAT issues.
- Determined, persuasive and flexible, you are able to work in an evolving, unstructured and multicultural environment.
- Some experience in setting up companies in Europe would be helpful.

Interested?

Please forward your fully detailed CV to De Witte & Morel, for the attention of Mr. Luc Vermeersch.

DE WITTE & MOREL
Consultants in Human Resources Management
MEMBER OF ERNST & YOUNG INTERNATIONAL

Avenue Marcel Thiry 204 • B-1200 Brussels • Belgium • Tel. +32/2/774 91 11 • Fax +32/2/774 90 90

EUROPEAN CUSTODY MANAGER

The Franklin Templeton Group is one of the world's largest independent investment fund groups. As part of our continued expansion in Europe, we are currently seeking a Custody Manager to act as primary liaison between Templeton and our European Custodian Banks.

Based in our European headquarters in Edinburgh the successful applicant will establish and maintain relationships with Custodians, perform regular due diligence and create and maintain quarterly evaluations. Other duties will include assisting in the resolution of trading/settlement issues in local markets and providing management information on security market changes and innovations. The position will involve significant travel throughout Europe.

Ideally, the successful candidate will possess:

- A degree in business, finance or accounting.
- Custody experience within Banking or Investment industry.
- Solid knowledge of the evolving European investment industry and securities regulations.
- Strong interpersonal and communication skills.
- Advanced PC literacy (Excel/Word).
- Knowledge of French/German desirable.

Closing date for applications is Wednesday 8th May 1996. Please reply in writing enclosing CV and details of current salary package to:
Dawn Anderson, Templeton Global Investors Ltd, Salure Court,
29 Castle Terrace, Edinburgh EH1 2EH.

Templeton: Part of the \$140 billion Franklin Templeton Group.

Templeton

Assistant Fund Manager / Analyst-UK

Henley-on-Thames

£neg + usual benefits

Perpetual is one of the UK's largest and most successful unit trust groups with funds under management of around £8 billion. We have an enviable track record of performance which over the last few years has won us several prestigious industry accolades - not least within the UK team itself.

The growth in the UK's funds has been spectacular, offering a clear opportunity for the right candidate to develop as part of a small team within an expanding and highly successful group. Initially you will support the senior fund managers responsible for a range of UK Income and Growth portfolios and will be expected to make sound investment recommendations and contribute to overall equity strategy. Once successful in this role you will have the opportunity to progress to take on specific portfolio responsibilities.

Given the challenging nature of this position you will need a minimum of five years' UK investment experience. Ideally you should also hold a recognised professional qualification such as the IMC, AIMR or Securities Institute Diploma.

We offer highly attractive working conditions at a riverside location, together with a competitive benefits package and salary which is fully negotiable according to experience. Please send your CV together with a covering letter which should highlight the ways in which you feel you can contribute to the continuing success of the team. All applications will be treated in strictest confidence and should be addressed to Stephen Whittaker - Head of UK Investments, at the address below. Please include an outline of your current remuneration package and a daytime or evening telephone number.

Perpetual Perpetual Investment Management Services Limited, Perpetual House, 47 - 49 Station Road, Henley-on-Thames, Oxon RG9 1AF (Regulated by IMLRO) SD/3562

Madrid, the best investment for your career.

Our investment bank, the leader in the sector and forming part of one Spain's foremost banking groups, continues to expand its operations abroad.

We are looking for a

TRADER

to reinforce our team of highly qualified professionals and continue our process of international growth.

You should have a university degree (Economics), complete fluency in English and Spanish, a sound 2 to 5 year experience in the financial markets, specifically LIFFE, MATIF and/or CBOT, and the ambition to join a young, dynamic and highly qualified team of professionals in the Proprietary Trading Department in Madrid.

Please send a full CV, quoting ref. TRU. to Pol & Partners, c/ Pegaso 30, 1º, 28043 Madrid. Spain.

PAN EUROPEAN INVESTMENT FUND MANAGER

Young Executives - Private Equity London, Frankfurt or Stockholm

One of Europe's largest private equity groups seeks to recruit 2 or 3 executives to join our young and dynamic investment team. The company is among the most successful in this sector and has built substantial returns for its world-wide investor base through the acquisition and disposal of investments in a wide range of companies throughout Northern Europe. Its success to date has derived from the entrepreneurial outlook of the team.

Previous direct experience of private equity is not necessary although computer literacy and some understanding of financial markets is essential. Candidates should be self starters, entrepreneurial and assertive team players. The role would include travel throughout Europe.

An excellent benefits package is offered.

Reply to Box A5334, Financial Times, One Southwark Bridge, London SE1 9HL

Director of Research

INVESTMENT BANK CZECH REPUBLIC

Our client is an international investment bank with a leading position in the Czech capital market. Its activities include brokerage, corporate finance and asset management. Providing high quality research is considered to be of strategic importance. Our client boasts one of the largest research teams in the Czech Republic consisting of Czech and expatriate professionals and is specialised by industry groups.

The Director of Research should have

- CFA, MBA or other relevant university degree
- Experience in equity analysis or equity market strategy
- The ability to manage and develop a team of young, talented analysts
- Excellent ability to communicate research products in written and oral form
- Exposure to emerging capital markets, preferable in Central and Eastern Europe.

The position is based in the Czech Republic and includes attractive salary and benefits. Applications will be treated in strictest confidence.

Send complete CV quoting reference 531 to:
Human Accord Group
Financial Services Practice
Villa Sefirka
No Sefirka 22
101 00 Praha 10
Czech Republic
For a confidential discussion call
Paul E. Palmer
or +42 2 74 23 41



MANAGEMENT SEARCH AND SELECTION IN CENTRAL AND EASTERN EUROPE • EXECUTIVE SEARCH WORLDWIDE

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:
Toby Finden-Crofts on
+44 171 873 3456

Gulf International Bank B.S.C. London Branch

Area Support Officer - Southern Europe

GIB is one of the Arab world's most respected international financial institutions. The London Branch, in operation since 1979, has the mission to provide trade finance and other banking services to its strong base of established corporate and financial relationships throughout Europe in support of their business with the Arab world.

As a result of continued expansion, GIB now invites applications for a challenging role assisting a senior marketing executive in servicing the bank's clients in Southern Europe. The position, which attracts a comprehensive remuneration package, offers the prospect of significant advancement.

The Position

- Provide support to Area Vice President in managing and servicing client relationships.
- Provide objective analysis of corporate, banking and country risk.
- Participate in business origination, structuring and closing.
- Work closely with clients and other departments of the Bank.

Qualifications

- A graduate with 2-3 years banking experience, including formal credit training, gained in a reputable, preferably U.S., financial institution.
- Languages: Italian and French in addition to English.
- Computer literate.
- Resilient, adaptable temperament, composed under pressure and ambitious to develop banking and marketing skills and experience.



Gulf International Bank s.a.c.

Please write, enclosing your CV and stating your current salary, to Ms Heather Moss, Personnel Manager, Gulf International Bank s.a.c., C/o: P.O. Box A5330, Financial Times, One Southwark Bridge, London SE1 9HL.

International Corporate Finance

Our client, an international bank with a global branch network, has an opening for an Associate in International Corporate Finance to join a growing team specialised in cross-border corporate finance between Europe and Greater Asia.

The incumbent will contribute to a wide range of strategic advisory, M & A, corporate restructuring and project financing transactions. You will be a graduate with an upper second or first class degree and either 2 years' experience in Corporate Finance or an MBA in a finance-related discipline with exposure to Corporate Finance or M & A. Industry experience gained in engineering and/or power generation and financial modelling skills are necessary. Whilst European languages would be advantageous, it is essential to have excellent communication and presentation abilities. The successful candidate will be highly motivated and proactive with drive, energy and enthusiasm.

In addition to a competitive salary, the usual banking benefits will be offered. Interested candidates should forward their Curriculum Vitae to Ian Dodd.

Devonshire executive

International business executive consultants
7 Borden Lane, London EC3V 9BY. Tel: 0171 628 2158 Fax: 0171 626 2092. Email: Exec@Devonshire.CO.UK

OPPORTUNITIES

in Bermuda

Bermuda International Investment Management Ltd. Fund Manager

The Bank of Bermuda is regarded as the world's premier offshore financial institution. The International Equities Department of its Investment Division is seeking an additional Investment Manager.

The candidate will be required to:

- Act as the Portfolio Manager for one of the Bermuda International equity funds (BIEF), specialising in North American markets.
- Recommend sector weightings within each Fund following Asset Allocation guidelines.
- Recommend stocks for each Portfolio by providing internal analysis in a prescribed format.
- Present investment conclusions clearly within a number of internal meetings.
- Closely monitor the performance of stocks, both inside and outside the Funds, but within a defined universe of shares.
- University degree in Economics or related subject and/or an MBA.
- At least two years' experience managing North American Equity Funds in a top down environment.
- Demonstrable track record in North American equities a significant advantage.
- CFA or equivalent, or a willingness to sit the examination.

The Bank is an equal opportunity employer and offers a competitive salary and benefits package. Interested applicants are invited to apply in writing to: Human Resources Recruitment, The Bank of Bermuda Limited, 6 Front St., Hamilton HM 11, Bermuda, Fax # 1-441-298-6223. Attention: Wendy Augustus. Please quote Ref. No. 4099. All enquiries will be held in strict confidence.



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INSTITUTE FOR FINANCIAL EDUCATION & TRAINING

Bank Training Consultant

Bangor/Eastern Europe

£28,000 p.a. negotiable

A vacancy exists for a fixed-term, full-time appointment in InFinET which is the training and consultancy arm of the School of Accounting, Banking and Economics. The Bank Training Consultant will be responsible for the management of InFinET's bank training programmes in Eastern Europe, including a major project in Poland.

Applicants will have:

- substantial banking experience
- a minimum of three years' bank training experience or equivalent
- a proven capability in marketing
- experience in Central and Eastern Europe, preferably in banking training and knowledge of the Polish banking environment.
- a high level of interpersonal skills.

The contract will be for one year in the first instance. Approximately 50% of the Consultant's time will be spent in Poland/Eastern Europe, but the post is based in Bangor, Gwynedd. A contribution will be made towards relocation costs.

Application forms and further particulars are available by contacting: Personnel Services, University of Wales, Bangor, Gwynedd LL57 2DG. Tel: 012481 382926. Please quote reference number 96/64 when applying. Closing date for applications: Friday 17 May 1996.

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For information please contact:

Andrew Skarzynski
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Managing Director (Designate) Underwriting Company

Our client is a long-established combined agent at Lloyd's managing a Syndicate in addition to the Members Agency. On completion of a restructuring, during 1996, the recruit will become the Managing Director of the new company. General management responsibility will be taken for all aspects of the business and there will be particular emphasis on liaison with capital providers and upon business development. The position may not require a full working week. Applicants, probably aged over 45, will ideally have had significant, prominent and successful association with the Lloyd's/London insurance market. Salary will be negotiated against expected contribution to the company.

Please forward a full CV, quoting ref. no. 1250, to Tony McGiddie, Kiddsons Imprey Search & Selection Limited, 29 Pall Mall, London SW1Y 5LP. Tel: 0171 321 0336 Fax: 0171 976 1116

KIDDSONS IMPREY Search & Selection Limited
International Search Group

ACCOUNTANCY APPOINTMENTS

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Group Financial Controller

FTSE 100 plc

c.£70-100,000 package London

About Us

We are highly successful and have a strong international presence. We operate in over 100 countries worldwide, producing, distributing and marketing leading brands associated with FMCG. We employ only the best and acknowledge that it is largely down to the calibre of our people that has enabled us to reach our position of dominance within our chosen markets. Our style is open, direct and hard-working. We develop our people and it is because our current Group Chief Accountant is being promoted that we are now seeking a replacement.

The Role

The title of this role does not necessarily reflect either the variety or importance of duties. This is a key role at the centre of the organisation with regular interface at main Board level and is highly diverse. With responsibility for a high calibre team of around 27 accountants, systems technicians and staff, you will have responsibility for group reporting and systems, financial control and analysis, budgeting and strategic plan financials. You will also be heavily involved in investment appraisals and capital expenditure, mergers and acquisitions and tax, treasury and business development projects.

There must be few jobs around which will give you this spread of experience at the centre of a major plc. However, as with any organisation of this prominence, there will be occasional frustrations and impossible timetables to meet. Working for us is no easy option, but can be very rewarding. But if you are looking for an easy option, this is not the job for you.

About You

You will be a qualified accountant (ideally Chartered) and probably in your early 30's. A high intellect is essential, which means you will be a graduate and probably have a first class degree. You will be working alongside some extremely bright people and must be able to hold your own. Technically, we also expect you to be very strong.

You will have experience of working at group level within a blue chip international business having covered group financial reporting and complex consolidations. You will have experience of project work (including capital expenditure), corporate finance and control and analysis. Naturally, we expect you to be systems literate with experience from spreadsheets through to macro systems. It would also be helpful if you had some experience of treasury, tax and pensions. You must also have credibility, presence and strong management skills as well as being emotionally resilient and ambitious. We view this role as a stepping stone within our organisation and it is essential you have the potential to progress beyond this role in 2-3 years' time.

Next Step

We know we are asking for a great deal. However, if you feel confident you can match our demands then send your details, quoting reference J/1640, to our advising consultant, Judith Richardson.

Executive Search & Selection,
Price Waterhouse,
No. 1 London Bridge, London SE1 9QL.
Fax: 0171 403 5265

EUROPEAN EQUITY SALES

LONDON

Leading European Investment bank requires Trainee Sales person for the Equity Sales Desk.

A vacancy exists to join a dynamic team selling UK and European Equities to international investors.

The successful candidate will be a recent graduate, ideally with 1 to 2 years relevant experience and a high level of command of the French language. They will be enthusiastic, hardworking and relish the challenges offered to them.

We provide good career prospects and appropriate salary potential.

Please send full CV and covering letter stating current salary to:
Box A5337, Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANCY APPOINTMENTS

MANAGER, OPERATIONAL REVIEW

London

c.£40,000 + Car

Are you looking to work for an organisation where the audit and finance functions are seen as key drivers to the business? Our client is a global market leader in the telecommunications sector. Due to continued expansion world-wide, they seek to strengthen the audit function by appointing an Audit Manager in the London based team.

The successful candidate will work on a variety of audit and operational review tasks, including: assessing operational risk; undertaking due diligence investigations and special projects; supervising a team and liaison with senior management; and providing internal recommendations with both control and commercial implications.

Candidates wishing to express an interest will have the following attributes:

- Graduate ACA or ACMA with between 18 months and 36 months PQE gained in a leading accountancy firm or the audit department of a blue chip Plc.
- Proven track record of managing audit teams with tight deadlines to meet.
- Exceptional oral and written communication skills.
- Experience of conducting operational audits, evaluating business systems, and providing control requirements for incorporating into systems under development.

For outstanding candidates looking to move into a line position within two years, this is an ideal entry point, providing both an overview and insight into the business sectors within the group.

Please send a CV to Christopher Cole at FMS

5 Broom's Buildings
Chancery Lane London EC4A 1DY
Tel: 0171-405 4161 Fax: 0171-430 1140
E Mail: 100621.2024@compuserve.com

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International Bank B.S.C. London Branch

TECHNICAL DIRECTOR

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

LONDON **NEGOTIABLE SIX FIGURE PACKAGE**

- The Institute's Technical Director will retire during 1996. His successor is now being sought to take on this challenging, high profile role within the accountancy profession.
- Heading teams totalling 30 people, the position entails responsibility for a wide range of technical activities and embraces four specialist faculties, as well as the Research Board and a range of committees.
- He/she will implement the Institute's strategy for technical excellence and position the Institute as the leading source of authority and innovation in the main branches of accountancy.
- The Technical Director will direct technical activity towards maintaining the relevance and excellence of accountancy in support of members, promote the results of technical work effectively and take a leading role in representing the Institute externally.
- FCA, aged 40-55, candidates will probably either have experience in a senior technically orientated role within a large/medium sized practising firm (although not necessarily as a technical partner), or in industry.
- Candidates will bring an established reputation in the profession, strong leadership/organisation skills, and the ability to achieve results in teams comprising both paid and elected members. Authoritative communication skills including public speaking will be essential, as will a blend of drive and diplomacy.

Please apply in writing quoting reference 1127 with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gsmc.co.uk/whitehead

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- PREFERRED AGE** 35-45. An attractive salary package will be offered. Location Midlands. Fluency in French is essential.

Write in confidence, enclosing a Curriculum Vitae, quoting ref: L8113 to:

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A DIVISION OF TZACK & PARTNERS

Jardine Matheson

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Accountants

How far do your ambitions stretch?

Corporate Finance, Financial Control, Group Audit

Jardine Matheson is a major services, trading and property group, operating in the fast growing Asia Pacific region with a turnover of US\$10 billion, employing 200,000 people worldwide.

Sound financial management has been at the heart of our business since we were formed in the nineteenth century and we are as committed to innovative financial practice today as we have always been. With this in mind, we are now looking for young, high calibre accountants to take up challenging positions within our organisation.

The successful candidates will initially join as managers in our Corporate Finance, Group Financial Control or Group Audit departments in Hong Kong. There may be a senior finance role within one of our worldwide operating units for more experienced candidates.

This is merely the first step. We need individuals with the ability and ambition to progress rapidly within our organisation. You will be a Chartered Accountant or a finance MBA from a leading business school - in your late twenties or early thirties; ideally "Big Six" trained, with post qualification experience that has given you a high degree of commercial awareness and a strong desire to get involved in operational management.

Your personal qualities are important; you will be self motivated, credible, innovative and diplomatic. You should also have the adaptability and sensitivity to operate in a multi-cultural environment. Fluency in Mandarin and/or other Asian languages allied to overseas experience would be particularly welcome.

On offer is a first class remuneration package - in excess of £45,000, with significantly more available for suitably experienced candidates; it includes performance related bonus plus housing allowance and other large company benefits - and superb opportunities for career development with one of the most respected names not only in the Far East, but worldwide.

Please write, enclosing your full CV and quoting reference J/1639, to our advising consultant, David Hunter, at the address below. Alternatively call him for a discreet conversation on 0171 939 5721.

Executive Search & Selection,
Price Waterhouse, No 1 London Bridge,
London SE1 9QL Fax: 0171 403 5265.
Internet: David_Hunter@Europe.notes.pw.com

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Finance Director

The kind of role ambitious accountants dream about

c.£80,000 + benefits + substantial bonus Hants

A little about us . . .
A five year old, former management buy-out. We are now the independently managed subsidiary of an \$8 billion US parent who are using us to spearhead their European penetration of facilities management. We are profitable; have a blue chip client base; turnover has doubled every year and is now in excess of £200m; we operate with an informal, flat organisation structure; and are able to rely upon an efficiently run finance function working to US reporting standards.

The role is . . .
Primarily, to focus on our business strategy and assist the Group MD with expansion of the business through acquisitions, alliances, and joint ventures; to work proactively with MD's of business units on financial management; and manage a department of finance and IT staff of c.60. You will raise profit margins still further; develop credibility to the point of being a potential successor MD in a couple of years time; be rewarded with a good salary and potentially a substantial bonus; and at the same time, have a lot of fun.

A little about you . . .
Probably 35-40 (30-45 at the outside) and a qualified accountant, you could be FD in a small company where you've gained general management skills, or FC/FD in a larger group where you've gained experience in several subsidiaries. You are highly commercial, not a "bean counter"; focused on delivering service rather than products; a committed team player; an influencer; enthusiastic; comfortable with informality; and you mix well with different cultures. Experience of acquisitions, re-structuring, joint-ventures and deals would be advantageous, as would exposure in a European context. Most of all, your track record screams of success, innovation and an ability to make a contribution and add value in a rapidly expanding environment.

Conclusion . . .
If you are an ambitious accountant, this is no dream! No hyperbole, no platitudes and no tired and worn phrases of exaggeration: this is a young company with a great future. Take the first step towards meeting us by writing to Michael Phillips or Hamish Davidson at Price Waterhouse quoting reference M/1638/TT.

Executive Search & Selection,
Price Waterhouse,
No 1 London Bridge,
London
SE1 9QL
Fax: 0171 403 5265.
E-mail: Mike_Phillips@Europe.notes.pw.com

FINANCE DIRECTOR

Surrey c. £75,000 + car

To join the new team bringing customer focus to a £200m transportation business, recently acquired by a major international group.

The job takes responsibility for all financial matters within the company, including the secretarial function and commercial information systems. The main thrust is to upgrade, significantly, all reporting and planning processes, ensuring financial and management controls are aligned to the needs of a rapidly changing business culture. Key to this will be ensuring a speedy and progressive change in employee attitudes and performance.

Success in this tough but rewarding role demands a graduate qualified accountant or non-merate MBA who relishes complexity in technical and business issues, and has direct experience of effecting change in a substantial, fast-paced commercial environment. A true team player with a flair for leadership, you must demonstrate confidence and robustness with skills in communication at all levels.

Please write in confidence to Peter Williamson, enclosing a concise cv and remuneration details and quoting reference 042/FT. Explain briefly why we should meet.

Lawless & Williamson
EXECUTIVE SEARCH
1 Heathcock Court, 415 Strand, London WC2R 0NS

EUROTUNNEL-DEBT MANAGER

€35,000 + BENEFITS

Eurotunnel, operator of the Channel Tunnel, after the first full year of services, is now market leader on the Calais cross-Channel routes.

The Group is re-negotiating its £8 billion debt with its bankers and this will establish the future borrowing and financial structure.

Group Treasury operates from Canary Wharf but will re-locate to Folkestone within the next 12 months. Internal promotion has created the need for a Debt Manager to play a key part in the management of the Group's borrowing agreements, including implementation of the future borrowing structure.

Key tasks will be to manage the loan portfolio, ensure compliance with complex Credit Agreements, maintain and develop debt systems and prepare analyses and reports for Senior Management, including analysis of risk exposures.

You will be experienced in managing the operation of complex multi-currency borrowing arrangements, have detailed knowledge of related market practice and operating procedures, strong analytical and computer skills, expertise in spreadsheet modelling and ideally systems development. The ability to communicate effectively and to meet tight deadlines is essential. A working knowledge of French would be an important advantage.

Please write, in confidence, with full career and salary details to Douglas Austin, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote reference: 59177.

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MSL INTERNATIONAL

FINANCE DIRECTOR

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New board position in the £12 million-turnover UK subsidiary of an international group. A market leader. Customer-focused, technology-driven, niche products and services.

This is a chance for a clear-thinking team player with exceptionally strong communication skills to step up to board level and become involved in the commercial management of the business at a time of rapid change and ambitious expansion.

The challenge is to drive the financial integration of two operations in the UK covering the EMEA region. Develop rigorous, accurate and responsive management information and financial reporting systems.

We want a highly motivated qualified accountant with a record of management in a manufacturing environment. International experience would be a plus. Enthusiasm, leadership and a hands-on operating style are essential.

Please write sending full cv to Criterion Search, 50 Regent Street, London W1R 6LP. Tel: 0171-470 7108.

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ING BARINGS

Controller - Equity Brokerage and Trading

CITY

ING Barings provides a wide range of financial services to governments, international agencies, corporations and investment institutions throughout the developed and developing world. Emerging markets continues to be an important area of the group's business.

ING Barings is further developing Barings' traditional strength in merchant banking, emerging markets securities and research, in conjunction with ING's complementary international position in capital and corporate markets.

As part of an ongoing process to strengthen the finance function, a key

individual is required to provide financial management and support to the group's global equities broking and trading business. The successful candidate will manage a team of seven individuals who co-ordinate globally the reporting for this, the group's largest product area.

Reporting to the Group's Head of Product Control, the successful candidate will have a proven track record with a similar leading institution and, in particular, the production and analysis of financial management information over a large number of disparate revenue flows.

You will be a qualified accountant, probably from one of the Big 6 accounting firms, with a genuine desire to build an international career with a recognised market leader.

Interested applicants should contact Richard Farnell on 0171-379 3333 (or fax 0171-915 8714) for an initial discussion, or send him an up-to-date CV stating current remuneration at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Internet: richard.farnell@rwa.co.uk

ROBERT WALTERS ASSOCIATES



c. £85,000 package + equity opportunity

Industrial Products

Midlands

Finance Director

Rare challenge and opportunity on the Board of an established, profitable and growing c. £100 million company with UK and international operations, providing speciality chemical and plastic products to leading industries worldwide. The experienced management team has embarked on a new phase of focused, profitable growth and requires a Finance Director to bring control and to lead development opportunities. These include playing a key role in a planned flotation.

THE ROLE

- Reporting to the Board, responsible for statutory and secretarial reporting, the timely provision of business information and the financial management of very substantial capital assets.
- Exploit and develop existing systems, providing a service to and working with business managers to understand costs, improve product margins and reduce working capital.
- Key member of executive team evaluating acquisitions, maintaining banking contacts and building further relationships in readiness for market flotation.

THE QUALIFICATIONS

- Qualified accountant, probably 35-45, with a track record of strong financial disciplines in a recognised service-orientated manufacturing business.
- First-class financial management, costing and analysis skills honed in a manufacturing environment. Acquisition and flotation experience an advantage.
- A clear leader and achiever with a hands-on style, able to work with business managers in a decentralised organisation.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

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Spencer Stuart

Please apply with full details to:
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Lancaster Park, Leeds LS14 4QY

Audit Manager - Europe

With a 53% annual growth rate and revenues in excess of \$5bn, Dell is recognised as a dynamic front runner in the field of personal computing.

As part of our continual commitment towards quality and excellence, an opportunity now exists for an innovative, commercially driven Audit Manager in our European headquarters.

As a member of the European finance management team your initial remit will be to challenge existing operations and provide creative business solutions to further realise the company's goals and objectives.

You will play a proactive role in planning and facilitating process and control reviews across the region, with focus on both operational and financial issues.

For this demanding appointment you will demonstrate a risk-based audit approach with a minimum of 8 years' industry or Big 6 CPA/ACA firm experience.

You will be a graduate with exceptional verbal and written communication skills together with a well developed analytical ability. Fluency in English is essential and a second European language is highly desirable, together with a willingness to travel extensively across the European region.

To appoint an individual of the highest calibre, Dell is able to offer an excellent compensation package as well as outstanding career opportunities in one of the most innovative businesses of its kind.

Interested candidates should contact our advising consultant Jane Stone, in the strictest confidence at FSS Europe, Charlotte House, 14 Windmill Street, London W2P 2DY, UK. Tel: (44) 171 209 1000. Fax: (44) 171 209 0001. E-Mail: jane.s.fss.co.uk. Quoting Ref: FT0044.



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FINANCIAL CONTROLLER

To £45k

FRANKFURT

Filofax is a group of consumer supply businesses offering specialised products under strong brand names in over forty countries worldwide. Since 1991 organic and acquisitive growth has seen Group turnover increase four-fold.

Filofax GmbH was established in 1993 as a wholly owned subsidiary, to distribute the Group's products in Germany. Rapid growth since then has resulted in the need to recruit a commercially aware Financial Controller with responsibility for all aspects of finance and administration.

Reporting directly to the General Manager, but with a dotted line into Group Finance, this expansive role will encompass all aspects of Group reporting, the development and operation of tight financial controls, working capital management, information systems and general administration.

An ambitious individual, this is your opportunity to operate at the sharp end of a progressive business. You will be a qualified accountant with exposure to a sales/distribution background and experience of staff management at all levels, either in commerce or through the profession. Fluency in German is a pre-requisite and you will be young but mature enough to command respect in a highly commercial and entrepreneurial role.

Please call or write in full confidence, to Ronnie Sull (Executive Selection Division) enclosing a detailed resume.

RICHARD JAMES ASSOCIATES

COMMITTED TO EQUAL OPPORTUNITIES
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CHIEF MANAGEMENT ACCOUNTANT Planning & Control

Saudi Arabia

Tax Free Salary & Benefits



The Saudi Iron & Steel Company (HADEED) is based in Al-Jubail, an industrial city in the Eastern Province of Saudi Arabia. We operate an integrated iron and steel complex, employing a multinational workforce of over 2,500 people. The plant has been in existence for over 10 years and is rated one of the most efficient steel producers in the world, at over 2.5 million tonnes per annum. State-of-the-art technology is used throughout in producing steel billets, reinforcing bars, wire rod and light sections.

We are looking for an experienced and talented professional to contribute to the financial management of our highly successful and complex organisation. Your prime responsibility will be to plan, organise, direct and control the flow of financial information across the company, and to advise senior management on broader strategic financial issues. This will involve developing appropriate financial procedures, conducting effectiveness reviews and preparing a range of financial reports including the President's Financial Report prior to submission to the Board.

To do this successfully, you must have a recognised and relevant professional qualification. This should be backed by at least 10 years' experience in a similar environment preparing Management Accounts, Financial Reviews and exercising Financial Control.

A lifestyle rich in sporting and recreational opportunities is available. Travel within the Middle East and beyond to Europe, Africa and SE Asia is easy and affordable. As well as public holidays, you will receive an annual vacation of 34 days with free round trip air tickets. In addition to a single or married status renewable contract, you will be offered a salary package free of tax, enhanced by an end of contract bonus and a number of benefits including free fully furnished air conditioned accommodation, transport allowance, free utilities and comprehensive medical care.

To apply, please send two copies of your CV, or fax one copy to Moxon Dolphin Kerby, 178-202 Great Portland Street, London W1N 6JJ. Fax: 0171 637 3185. Quoting Ref: 28089.

MOXON-DOLPHIN-KERBY INTERNATIONAL

EXECUTIVE CONNECTIONS

Business Analyst

Kleinwort Benson is an international investment bank with a network of offices and a global client base. During 1995 Kleinwort Benson became part of Dresdner Bank AG, one of Europe's leading financial services groups. The combination of Kleinwort Benson's investment banking activities with those of Dresdner Bank has created substantial new opportunities and challenges in the Group's Equity Division, covering securities trading and distribution.

This challenging and varied role involves supporting the Equity Division's Managing Director, Deputy Managing Director and Finance Director in an "enabling the business role" and will include both task and project work covering the following areas:

- Assisting in the development and implementation of strategic and tactical plans.
- Developing and implementing the management information requirements of the division.
- Assisting the further development of the risk management infrastructure.
- Assisting Product Heads with writing, presenting and implementing business proposals.

Working on ad hoc tasks that resolve issues and implement solutions to business problems.

The role will give the successful candidate a unique insight into, and involvement in, the running of a Securities trading business. Kleinwort Benson is looking to recruit a truly exceptional young accountant, ACA, ACMA or ACCA qualified with up to 3 years' PQE. You must be a dynamic "self starter" keen and able to take the initiative on a range of tasks, you must have the ability to "multi-task" and be able to add value with minimal supervision. In addition, outstanding interpersonal skills and a genuine interest in the securities and equity derivatives markets are essential.

This position offers a comprehensive and highly competitive remuneration package.

If you feel that you can meet the challenges that this unique role offers then please forward your CV to our Consultants Paul Glatzel or Denise Stoccombe at Executive Connections, 43 Eagle Street, London WC1R 4AP. (Fax: 0171 872 9889). E-Mail: p.glatzel@executive-connections.co.uk If you have any questions, then please phone them on 0171 242 8103 (evenings/weekends: 01895 824937). Please note: CVs forwarded directly to Kleinwort Benson will be passed to Executive Connections.

Kleinwort Benson

Member of the Dresdner Bank Group

FINANCE DIRECTOR DESIGNATE

Excellent Package up to £40,000

Our client is a highly successful manufacturer and distributor of gold jewellery based in the Hatton Garden area. The company has recently experienced a phase of exceptional growth and anticipates continued high levels of activity and further expansion.

An opportunity now exists for a commercially talented financial professional to play a central, strategic role in the company's future. Working closely with the Managing Director, you will have full responsibility for the Finance and Administration departments. Your role will involve systems development as well as the provision of regular management information and preparation of accounts, budgets and forecasts. An initial key function will be the acquisition and implementation of new computer software to replace the company's existing packages.

As a graduate Chartered accountant, probably in your early to mid thirties, you should demonstrate that you already have a detailed knowledge of financial management and considerable systems experience. You will also have developed a flexible and problem-solving management style in a high pressure environment. Your credibility in leading and motivating a team should be founded on personal, commercial, and analytical excellence. Knowledge of the jewellery sector, although useful, is not a requirement.

If you consider you have the ability to fulfil this challenging and stimulating role, please send your CV stating current remuneration package to: Gary Miller, H W Fisher & Company, 11-15 William Road, London NW1 3ER. Fax: 0171 380 4900. E-mail: info@twfisher.co.uk

H. W. FISHER & COMPANY

CHARTERED ACCOUNTANTS



صحة من الالام

صكرا من الامم

International Operational Review

**Manager - To £55,000 package
Outstanding ACAs**

Our client is a world leader in international telecommunications, using the latest technology to provide telephone, facsimile and data transmission services. Operating world-wide the ambitious management team continues to search for new opportunities through acquisition, joint ventures and by expanding existing businesses.

The Internal Audit Function is driven by a high calibre team of professionals who have the vigorous support of the main board. The Department has responsibility for reviewing business effectiveness, procedures and controls and providing constructive advice to business management. There is a strong emphasis on adding value to all aspects of business operations. To meet the demands of this rapidly changing group 2 experienced ACAs are required to strengthen the team and to undertake and manage a variety of UK and international assignments.

These highly visible roles are acknowledged as excellent entry points for outstanding candidates wishing to develop a varied career within a complex international business. The opportunities have arisen due to internal promotion and transfers into the group operating businesses.

The Management position is a key role within the department and is pivotal

Interested applicants should write, in the strictest confidence to Robert Walker or Brian Hamill at Walker Hamill Executive Selection, forwarding a brief résumé quoting Ref: RW 2429.

**Supervisor - To £45,000 package
Central London**

to the future success of the team. Applicants will probably be aged 30-35 years with approximately 6 years post qualification experience gained in either a 'Big 6' firm or similar commercial environment. Ideally individuals will have had exposure to corporate finance, management consultancy or telecommunications. Individuals can expect to travel internationally up to 20% of the time.

The Supervisor is likely to suit applicants aged 27-30 years with a minimum of 3 years post qualification experience gained in either a 'Big 6' firm or similar commercial environment. Exposure to computer audit would be desirable, and a willingness to travel internationally up to 50% of the time.

In both cases applicants should possess excellent academic qualifications and be capable of demonstrating strong commercial focus and value adding philosophy. It is a pre-requisite that individuals possess a sound understanding of business process, internal controls, auditing concepts and techniques and well developed computer skills.

The rewards include the opportunity to develop a career within an outstanding international group combined with an attractive basic salary, excellent large company benefits and exciting career opportunities.

**WALKER
HAMILL**

Executive Search
Specialists
London SW3 3PL

0171 235 1111
0171 235 1112

QUALIFIED ACCOUNTANT FOR DERIVATIVES FIRM

We are a small city based subsidiary of a Japanese bank reporting to a New York head office. We require someone to head up the European Financial Control function responsible for UK management information, payment transmission, UK tax issues and local risk assessment. Ideally you will be a qualified accountant with 2-3 years post qualification experience who can operate as a self sufficient accountant within a small organisation whilst being able to fit into a global framework.

Please phone Eric Pettigrew on 0171 638 3661 for more details.

No agencies.

SEQUENT

Finance Director - Europe

c £100,000

plus Stock
Options

SURREY

Sequent is the world's number one supplier of large scale UNIX systems, with revenues growing at over 30% per year.

Perhaps a better indicator of the true pace of its expansion is that in the last twelve months more than 150 new faces joined the Sequent team - to become part of an organisation that offers better solutions, built on stronger partnerships.

As a result of internal promotion, Sequent needs to recruit an experienced professional to head up the European Finance & IS Operations. Acting as a key member of the European Management Team, responsibilities will include:

- ▲ strategic business planning
- ▲ tax and treasury strategy
- ▲ financial and commercial support to European operating regions.
- ▲ IS development
- ▲ financial management and control

Candidates should be qualified accountants with a senior management background gained in the IT sector, a record of adding value in a fast growing business, and ideally, experience of US business practices. Previous exposure to a multi-site European business is essential, as are well developed commercial acumen and excellent people management skills. Needless to say, initiative, a strong technical background and excellent communication skills are critical.

To find out more, please contact Tony Martin on 01753 830881 or write to him, quoting reference 25452, at: Martin Ward Anderson, Goswell House, 134 Peasod Street, Windsor, Berkshire SL4 1DS. All enquiries will be treated in the strictest confidence.

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FINANCE DIRECTOR

Yorkshire/Lancs Borders FMCG Packaging

Remuneration Package c£60,000 per annum plus benefits

This young, dynamic and expanding company, with a turnover approaching £30m per annum, has realistic plans to continue its impressive growth. Critical to this strategy is the appointment of a vibrant and talented Executive with an impeccable background in Financial Management to take full responsibility for the company's Financial Function. Probably aged early thirties to early forties, and a qualified accountant, the ideal candidate must be able to blend very strong technical proficiency with sound commercial judgement and broadly based business acumen.

Key duties will encompass the integrity and quality of the company's periodic, monthly and statutory reporting requirements, plus strong cash management and tight financial controls in a very fast moving business supplying a number of demanding, quality blue chip clients.

The successful candidate must also be computer literate, with first class experience in implementing systems within a manufacturing environment. A highly effective hands on, operational style of management should be complemented by the ability to make a strategic contribution to the expansion of the business at Senior Executive level.

The remuneration package, consisting of an excellent salary and performance related bonus, reflects the need to recruit an outstanding, personable team player capable of making a substantial contribution in this ambitious, leading edge company.

To apply, please send comprehensive CV quoting reference 12047 to: MARQUE Executive Resourcing, 4 Hepton Court, York Road, Leeds LS9 6PW. Tel: 0113 248 0110. Fax: 0113 248 7642.

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TRADING ANALYSIS MANAGEMENT

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CITY



The Company

This highly successful European Banking Group employs over 20,000 staff and has assets of over £110 billion. As an innovative banking group committed to growth, it plans to continue to expand its London branch operations.

The Opportunity

- Leadership of a team of professionals with responsibility for all analysis and accounting issues for an unusually diverse derivative product range.
- Accounting and reporting responsibility across the firm's books which include treasury, FRAs, fx, swaps, futures, options, government bonds and equities.
- Identification and control of accounting issues arising from the rapidly changing and complex market place.
- Developing liaison with trading teams and risk controllers.

The Person

Ideally a qualified accountant of graduate calibre with a minimum of 2-4 years' post qualification experience. You will have had exposure to financial products gained from a similar role or Capital Markets and Treasury Audit from Public Practice or the Financial Markets industry.

The determination to perform effectively in a highly demanding environment is essential coupled with the ability to lead and motivate a successful professional team. The nature of the position demands a true professional with first class communication skills and the confidence to liaise effectively with the trading teams and at management level.

For further information please contact Kirsten Cresswell Shaw or Ian Jones quoting reference FT0047 on 0171 209 1000 (day) or 0171 730 5596 (evenings) or write to them at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY. (Fax No: 0171 209 0001) e-mail kcs@fss.co.uk



FINANCIAL CONTROLLER

Edinburgh

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This continuing corporate dynamism requires a Financial Controller who has the necessary energy and enthusiasm to grasp a challenging situation armed with initiative, technical strength and commercial awareness. The position focuses on the front end of the business with involvement in the negotiation process, liaison with customers and analysis of pricing. Nevertheless it requires an individual who is willing to roll their sleeves up and work hard within a focused financial environment.

A qualified accountant, the appropriate individual will have maturity, credibility and strong influencing skills. It is possible that involvement in mergers and acquisitions or significant change management programs will have provided relevant experience and this will be given some weight. You must also have vision and the drive to add value in the national growth of this world class operation.

To apply please contact our consultant David Bard, ACA, at ASA International 63 George Street, Edinburgh, EH2 2JG Tel: 0131 226 6222 Fax: 0131 226 5110



Germany

This is an exciting opportunity to join a major multinational corporate with a global presence. This organisation is one of the market leaders in its sector.

As a member of the corporate management team, this new position will work closely with the Finance Director and will take full responsibility for managing the reporting function. This will encompass the monthly, quarterly and annual management and financial reporting, enhancement of accounting systems and ad-hoc projects. The Accounting and Controlling department will be a direct report.

The successful candidate must have a proven track record of working in a fast moving, global environment. Specific experience of managing a large reporting team within a multinational is essential. In addition you will possess strong interpersonal skills with an international perspective coupled with a persistent nature to achieve the right results.

up to DM 275,000 + Bonus

A Chartered Accountant aged between late 30s and early 40s, you will have 15 years plus post-qualifying experience within a group accounting role. Cultural awareness of the German marketplace and fluency in German and English are prerequisites. Computer literacy is essential together with experience in PC based reporting systems.

The package will include a basic salary up to DM 275,000, depending on experience, plus the other benefits associated with a quality organisation. The individual's career aspirations should be targeted beyond this role.

For further information in the strictest confidence, contact Anthony Cook or Raj Munde on 0171 240 1040. Alternatively send your résumé quoting reference number 208202 to Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN. Fax no: 0171 240 1052.

Morgan & Banks
INTERNATIONAL

RECENTLY QUALIFIED ACCOUNTANT C. £27,500 + BENEFITS

We are a small but rapidly expanding plc providing services to a wide range of blue chip companies throughout the UK.

A vacancy has arisen for a young and energetic accountant to head up our Group accounts department located in Surrey.

Reporting to the Finance Director, responsibility encompasses all aspects of financial and management accounting, working capital control and IT systems. Additionally, candidates must be able to demonstrate experience in achieving tight deadlines through the effective management of staff resources.

The entrepreneurial and challenging environment determines that a pragmatic approach is required without compromising strict financial control procedures and practice.

Career prospects are excellent.

CV's should be sent in strictest confidence to:
Box A5332, Financial Times, One Southwark Bridge, London SE1 9HL

IT Senior Appointments



Information Services Manager - Northern Europe Location: Paris or Brussels

H.J. Heinz Company today markets more than 4,000 brands around the world. 1995 saw sales grow 16% to \$8.5 billion a far cry from the original 57 brands touted in advertising at the turn of the century. Over the years Heinz has expanded its core business and continues to grow through the acquisition of many renowned brands and world class factories.

Due to career progression within our organisation we are now in search of a U.S. Manager for our Northern European operations.

The function will report temporarily to the Director of Logistics and manage 5 direct reports. Outlined below are the major accountabilities for this challenging appointment:-

- To maintain, manage, improve and control information services throughout Northern Europe in order to optimise operating efficiency across the business.
- To direct and evaluate studies of the economics of possible alternative processing methods.
- To provide advice and counsel to the Northern European Management Board concerning the applications of Information Technology.
- Review present system strategy, proposing appropriate changes to increase efficiency and reduce costs.
- Keep abreast of new developments in the Information Technology world.

- Manage, appraise, motivate and challenge U.S. personnel, ensuring service level agreement with users are achieved.

In order to fulfil these responsibilities you will need to be able to operate in a multi-cultural environment combining an international perspective with local market knowledge. You will be a highly self-motivated individual who can demonstrate a successful track record of delivering critical solutions to Business Information Systems within an international environment.

You need to have excellent communication skills along with fluency in English and at least one other European Language.

This is an outstanding opportunity to influence the direction of Information Systems in one of the best known household brands in the world. Heinz rewards excellence, welcomes ambitious people and will provide the challenge and environment to ensure you fulfil your maximum potential. Relocation assistance will be provided.

For a confidential discussion please contact our advising consultants David V Holloway or Mark Pockels at Drax Dearman Associates quoting the ad reference FT0048 using one of the following methods:

- Telephone: + (44) 171 419 0229 or + (44) 171 209 1000
- Fax: + (44) 171 209 0001
- By Post: Charlotte House, 14 Windmill Street, London W1P 2DY, UK
- E-mail David@dearman.demon.co.uk.

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BUSINESS & LEGAL ADVISER

Location: Grenoble, France

The Business & Legal Adviser will help ensure our intellectual property rights are skilfully handled and properly protected, assist in the negotiation of software licensing agreements, educate personnel and develop internal competence with regard to legal matters. An ideal candidate will have 3 to 5 years experience negotiating software licensing and protection

agreements, legal knowledge of intellectual property rights and contracts, and a thorough understanding of modern business practices and procedures. This person should be an effective communicator, results oriented, with a high energy level and leadership skills. For further information please contact either Birgit HJELM PICHAT at +(33) 76 62 45 54 or Claes GISLE at +(33) 76 62 45 31, in Grenoble, France. FAX: +(33) 76 62 45 33.

Applications in English along with your curriculum vitae and salary expectations must be received before May 10, 1996 by:

Ericsson Hewlett-Packard Telecommunications
Attn: Claes GISLE
Miniparc Alpes-Congres
1, rue Roland Garros
F-3820 EYBENS
France



Head of IT

Tax Free package to £100,000+benefits United Arab Emirates

Our client is a major financial institution with its principal operational base in the United Arab Emirates, investing globally in most major market sectors. As a consequence of an assessment of its IT operations, the need has arisen to appoint a Chief Information Officer (Head of IT) to review and upgrade their IT and communications systems, to more effectively support their investment operations.

This is a strategic role at senior advisor level, to review the current and future business needs and to direct the design and implementation of a strategy to introduce appropriate systems to manage and evaluate investments and treasury functions to best industry standards.

A computer science graduate, preferably with a second degree level qualification in finance, the successful candidate will be able to demonstrate experience of operating at a senior level in a major financial institution with a significant fund management

business, managing the effective deployment of information technology systems. The person will have gained a thorough understanding of the operational aspects of such a major financial institution, have a high degree of business acumen with strategic vision and a proven ability to analyse and understand business requirements and to deliver effective IT solutions. Extensive knowledge of current IT technology will be required, together with high level project management skills. Experience in the selection of vendor packages and systems architecture, as well as evidence of successful delivery of IT solutions, incorporating third party packages, in an international investment management environment will be necessary.

If you are a dynamic individual who meets the above criteria and has the ability to achieve through diplomacy and persuasion, please send your CV with details of current remuneration to Bernard Grant at KPMG Selection & Search, 1-2 Dorset Rise, London EC4Y 8AE. Fax number 0171 311 5372 (Ref: 118P).

KPMG Selection & Search



PROJECT MANAGER

RAPIDLY EXPANDING BREWING GROUP seeks Project Manager to oversee implementation of MIS System in two Polish Breweries.

The Brewpole Group has developed into the leading Polish brewing group in the past four years, investing in and developing two breweries in northern Poland. The next stage of the development of our group is to implement and integrate management information system. We have undergone a detailed tender process and are in the process of finalising system selection. The hiring of a project manager to oversee the implementation of this system will be crucial to the project's success as well as the continued growth of our group.

The Position

- Full project and implementation responsibility
- Report to Group Finance Director.
- Lead project team of Group employees from all operating departments, committed full time to the implementation.
- Provide strategic direction for the future development of Group IT and MIS functions.
- A two year contract is offered, although definitely not a limit. Relocation to Poland is required.

Qualifications

- Project management (in-house or consultancy) experience in a manufacturing environment, showing a high level of people management and business reengineering experience.
- High level of motivation and strong leadership skills.
- Polish language skills ideal, although not required.
- Experience with integrated software solutions.

We are an entrepreneurial group of individuals who form a small management team of what is becoming a major European brewing group. This is an excellent opportunity for a driven individual to join this team and to contribute to the design and shape of our future.

Please send a full cv to Mr. Mark Hoppes, fax: 042 56 31 58 54 or if necessary call Kate Brent for additional information, tel: 042 56 46 38 11

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Now you can find out for sure on April 26th & 27th and May 4th. Human resource directors, IT directors, Technical Specialists and Personnel Managers of 20 of the most sought after employers of IT systems and networking staff will be at Visit, the UK's most popular and effective recruitment event ever.

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Companies exhibiting at Visit include Admiral Computing, Ajilon, American Express, Andersen Consulting, British Airways, CMG, CCN, DHL, Dixons, Easams, IBM, Icom Solutions,

Logica, Lotus, META Group, Morgan Stanley Parity Consulting, SAIC, Seer Technologies, SSA Acclaim, Sherwood International and Thomas Cook.

Visit London, Olympia Conference Centre, Hammersmith Road, London W14 8UX, April 26th-27th

Visit Birmingham, Concourse Suite, Atrium Entrance, National Exhibition Centre, Birmingham, Saturday May 4th 10am-6pm

To receive directions and further information call 0990 200653. National call rate (calls will cost no more than 10p per minute)

SENIOR PAYWELL CONSULTANT

£40,000 plus benefits

A large international information processing services company is looking for a Senior Paywell Consultant. You'll be required to provide a range of client services, from installation to demonstration of the product before and after the sale. You'll carry out customisation of the product and be responsible for much of the internal support system, which will incorporate many of the technical aspects of the product and the services relating to it. This will mean creating Technical Information Bulletins at both program and client instruction level.

At least 5 years working knowledge of Paywell will be required for this post, as well as skills in demonstration, presentation and training. You'll be experienced in installing Paywell in DOS, WAN, and UNIX systems and of course be familiar with all the modules of Paywell. Please write with full cv. to Box No. 5335, Financial Times, No. 1 Southwark Bridge, London SE1 9HL.



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Senior Technology & Systems Auditors

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Based Jeddah - Saudi Arabia

The National Commercial Bank is one of the largest banks in the Middle East. It has a network of over 200 branches and serves customers throughout the world.

The bank is continuing to undergo a period of development and the Audit Division is seen as having an important role in assisting management to identify economies and efficiencies and to report on the effectiveness of management initiatives. It is the Division's task to define and promote a comprehensive control structure throughout the Bank.

The Audit Division is seeking to make two additional appointments - a Senior Technology Auditor and a Systems Auditor - to its highly qualified and experienced team.

As a member of this specialist group, you will make a significant contribution to the audit process and provide support to the Department's three prime areas of activity - control/risk orientated examinations of systems development activities, control/risk orientated examinations of the bank's technical computing environments and support of Divisional automation.

Applicants should have a formal academic or professional qualification together with excellent interpersonal skills. For the Senior Technology role

you should have at least five years experience and for the Systems Auditor role at least three years experience of general and/or systems development control methodologies. Ideally candidates will have financial services experience, particularly retail and wholesale banking and technical exposure to any of the following - UNIX, Novell, LAN Manager, Oracle, Safeguard, LANt, WANs (X.25), NCR, TANDEM, IBM AS/400.

In return for your skills and commitment, the Bank is offering employment on a two year contract basis, renewable by mutual agreement. The package offered includes a tax free salary, payment of all medical expenses, free family accommodation, provision of annual home leave air tickets, 30 days holiday and contribution to school fees incurred in the Kingdom.

For further details and to arrange an interview, please contact Adrian Simpson ACA at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA. Telephone: 0171 936 2601.



For Banking, Finance & General Appointments please turn to pages 30-36

or contact:

Robert Hunt +44 171 873 4153
Toby Finden-Crofts +44 171 873 3456
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FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

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مكتبات الامم المتحدة

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IT City Appointments

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EQUITY DERIVATIVES

Visual C++, Windows 3.1/NT

Our client is a UK firm with genuinely global reach. They are currently designing and developing a series of equity derivatives applications which will exploit future business opportunities and a new OO architecture. Previous derivatives experience is not required if you have in-depth OO development skills and a desire to learn accompanied by the intelligence and commitment to do so. Ref: HOF701
c. £38,000 + banking benefits

EQUITY SYSTEMS

Excel 4 Macros & Excel 5 VBA

Our client is a European firm which is already on the push to realising its global ambitions. This is a critical role in its equities front office where you will be supporting the business and simultaneously contributing to the design of a new front office trading system. You must have Excel skills and experience in abundance and an unshakable ability to deliver under pressure. Ref: HOF702
to £35,000 + banking benefits

RISK ANALYST

Excel, VB, Devcon DQL, Access or C++

Our client, a leading international bank, requires a risk analyst to join the market risk control group. Your key responsibilities will be the specification and development of PC programs to support the control of all risk areas. In addition to your key technical skills you must have the highest levels of analysis and reporting skills and prior experience within a risk management role. Ref: HOF703
to £30,000 + banking benefits

FIXED INCOME (EUROBONDS/REPOS)

Visual Basic, Access, Excel

This is an excellent opportunity to join a fast-growing team within the fixed income area of this European house. You will work on multiple projects - predominantly on the maintenance and new development of packaged solutions. In addition to excellent IT skills it would be useful if you could demonstrate exposure to bonds, however full training will be provided if necessary. Ref: HOF704
to £25,000 + banking benefits

Change creates both opportunity and threat. And change is what is happening to investment banking in the City. The need to compete in global capital markets is relentlessly driving firms to either increase in search of critical mass or protect independence by focusing sharply on specialist areas of competence. Accompanying this are almost revolutionary developments in IT - particularly in the use of OO analysis, design and development to shape new financial product development. If you are building a technology oriented career in financial markets, you owe it to yourself to gain an accurate perspective of how these changes may affect you. The Financial Markets Group of McGregor Boyall Associates is an integrated selection practice specialising in business and technology recruitment for financial markets. With partnerships with major financial markets institutions worldwide, the Group's consultants - all of whom receive extensive financial markets training - are uniquely qualified to offer you that perspective.

For further information, contact Roger George, quoting the relevant reference number, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: rgeorge@mcgregor-boyall.co.uk

FIXED INCOME QUANT ANALYST PROGRAMMER

NT/Unix, C++, Visual Basic, Excel, Sybase, Access

This major international bank has an opening for a high profile quant analyst programmer to work as a key member of the fixed income group. Your solid technical experience will be deployed in the design and development of applications across the group. It is desirable, therefore, that you have experience of working within a fixed income environment. Ref: HOF705
to £50,000 + banking benefits

FIXED INCOME CONSULTANT

Client Server and/or OO skills
As one of the largest UK consultants and a recognised leader in trading and capital markets systems consultancy, our client is seeking exceptional fixed income consultants. With responsibility for business analysis and the management of business engagements, you will have significant experience of fixed income derivatives with exposure to VAR, scenario stress testing and IT strategy planning. Ref: HOF706
to £30,000 + benefits

SOFTWARE ARCHITECT

Windows NT, C++, OLE, ODBC, Sybase

Our client is one of the world's largest banking institutions. Their London office is currently seeking an experienced software architect to undertake the co-ordination of component based architecture design, as well as the design of underlying class libraries. Financial markets experience will be an advantage - especially in the bond/derivatives markets. Ref: HOF707
£40,000 + banking benefits

REPO DEVELOPER

Unix, C++, Modf, RDBMS

Our client, one of the world's largest currency houses, is seeking to recruit a senior repo developer. In addition to at least two years' technical experience ideally gained in the financial markets you will have a sound business understanding of bonds and, preferably, repos. Finally, you will have an excellent academic background and first-class communication skills. Ref: HOF708
£ negotiable + banking benefits

McGregor Boyall

BZW GLOBAL SETTLEMENTS

UK/International

BZW offers an exciting opportunity to join the world's leading settlement house. We seek a highly motivated and experienced individual to join our team as a Settlement Analyst. The successful candidate will be responsible for the design, development and testing of settlement systems for a wide range of financial instruments. The role involves working closely with the business and operations teams to ensure the timely and accurate settlement of transactions. The successful candidate will have a strong background in settlement systems and a proven ability to design and develop complex systems. The role offers a competitive salary and excellent benefits. For further information, please contact Alan Summers, HR Director, at 0171 247 7444. Alternatively, send your CV to BZW Global Settlements, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: alan.summers@bzwglobal.com

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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

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INVESTMENT BANKING. FROM A TO Z

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City c. £50,000 + excellent benefits

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The Role is...

- to work as part of a core management team responsible for Risk Management, IT and Finance.
- to think strategically and develop plans for existing and anticipated products in bonds and derivatives settlement.
- to drive and project manage the implementation of new business processes and systems required by our existing bond and derivatives trading businesses.
- to manage a growing team of operations professionals.
- to communicate authoritatively and persuasively with business professionals at all levels.

The Candidate will...

- be dynamic with the intellectual vigour to drive and manage change in complex business environments.
- have broad capital markets settlements experience (preferably in a Fixed Income and Interest Rate Derivatives environment) gained from either an operations or IT systems perspective.
- possess strong project management skills.
- be highly IT literate and aware of the latest trends in front, middle, and back-office systems.
- have excellent team-management and communication skills.
- be focused, achievement-oriented and actively seeking early rewards and additional responsibility.

For further information, contact Georgina Collenette, quoting reference GCFT01, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: gcollenette@mcgregor-boyall.co.uk

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TEST ANALYSTS SENIOR ANALYST/PROGRAMMERS

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We expect you to have a good understanding of the business and the technology that supports the business with development and implementation skills in one or more of the following:

- Securities Settlements Systems for example GLOSS
- General Ledger and Financial Systems for example DODGE
- Derivatives and Fixed Income
- Risk Management for example INFINITY

Good experience in Sybase, C++ and UNIX in a client server environment is desirable especially for the more technical development roles.

Well qualified academically and with good interpersonal skills, you are enjoying a fast track career and are ready to take on a new challenge to help realise your potential.

Please send your CV to Alan Summers quoting reference FT0496 to
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OPTIMA CONNECTIONS

banking

EXOTICS: 'C', NT, SQL
City To £90,000 Package
This elite team of developers reporting directly to the business, are replacing two team members who have moved across to trading. The positions involve pricing, development of models and risk management. A good first degree is required together with 'C' programming and IR Derivatives experience.

RESEARCH HYBRID
City To £40,000 + Bonus + Bens
Leading Exotic Options research group have a new hybrid role for a mathematician with a solid technical background to provide both practical and creative solutions for the business. Candidates require a mathematically biased education preferably to PhD level with at least 1 year's 'C' and/or VB.

QUANTITATIVE ANALYST
City c.£50,000 Bonus + Bens
A successful and ambitious hybrid Quant/Developer is required to assume responsibility for the design and development of Fixed Income applications. Working closely with the Head Trader you will have a sound knowledge of Mathematical Modelling techniques as well as C++, VB/Excel or Access. Experience of Arbitrage and an excellent academic record are prerequisite.

BONDS: C++, UNIX & NT
City To £60,000 + Bens
The research team within a leading Fixed Income group urgently require a highly qualified individual with current experience of Bonds and quantitative analytical techniques. Programming skills in 'C' or Visual C++ are essential, all future developments will be carried out on NT.

JUNIOR QUANTITATIVE ENGINEER
City £30-45,000 + Bens
Our client, an international investment bank has opportunities for highly educated individuals with strong C++ skills together with UNIX and financial markets experience. The successful candidate will be researching, developing and implementing trading strategies. A First Class degree in a mathematical discipline is prerequisite.

FX OPTIONS: 'C' & UNIX
City To £70,000 + Bens
The Interest Rate Derivatives group of this major Investment House are currently looking for a C/UNIX developer. The successful candidate will be solely responsible to the FX Options desk for all development and day to day support of Pricing and Risk Management systems.

For more information on these and other opportunities currently available please contact
Optima Connections Limited No.4 Bath Street, LONDON EC1V 9DX
TEL: 0171 608 0590 (24hr answering service) FAX: 0171 608 1205
E-MAIL: optima.connections@btinternet.com

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The FT IT Recruitment section is also available all week on www.FT.com

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CZECH FINANCE AND INVESTMENT

A race to bridge the wealth gap

While considerable economic progress has been made in the Czech Republic in recent years, observers point to a lack of long-term domestic investment capital, report Vincent Boland and Kevin Done in Prague

Not many governments can claim to have succeeded in every politician's goal of keeping most of the people happy, most of the time. But the government of Czech prime minister Václav Klaus, which is facing a general election at the end of May, is one which can justifiably make such a boast.

During its four-year term, the centre-right coalition has racked up an enviable list of achievements. These include a popular privatisation programme, economic growth that has finally achieved a respectable 5 per cent a year, and a population that is more prosperous now than it was four years ago and can look forward to an even brighter future.

Continuity is the theme as the so-far muted election campaign limbers up for its official start on May 15. Even the credible opposition is not vowing any radical change, which means that to a large extent its platform is indistinguishable from that of the governing parties campaigning for re-election.

Opinion polls predict that the three parties in the outgoing government - the prime minister's Civic Democratic Party, the smaller Civic Democratic Alliance, and the Christian Democrats - should be able to form a new government after the vote. An initial burst of support last summer for the Social Democrats, the main opposition party, appears to have waned.

Yet while the election seems predictable, it is nonetheless crucial, because the new government will have to find the answer to the most pressing question the country now faces - how to achieve economic growth rates that will allow it to bridge the wealth gap with the European Union in the shortest possible time.

After five years of rapid reform, the Czech Republic nevertheless remains a low-wage, low-tech economy dependent on exports of industrial goods manufactured by an old industrial base. That is the base that must provide the accelerated growth, but it is currently in flux as post-privatisation consolidation gets under way.

The Czech Republic has certain key advantages in seeking to achieve higher growth rates, which economists suggest need to be at levels of 7 to 8 per cent, sustained over a decade or more, to catch up with its western neighbours. The country has a qualified and cheap labour force, a high degree of social cohesion, high savings, a good geographical location, and the incentive of early entry into the EU.

What is lacking, observers say, is long-term domestic investment capital. "To generate high growth you need high levels of investment," says Mr Vikas Thapar, Prague representative of the World Bank's International Finance Corporation. "If high investment is added to existing assets, higher growth rates are possible."



Czech prime minister Václav Klaus, the centre-right coalition government faces a general election at the end of May

Mr Zdenek Bakala, chairman of the investment bank Petria Finance, rates a functioning equity market as one of the top three criteria necessary for higher economic growth. To date, the majority of industrial restructuring has been financed by debt, not equity. Although much progress has been made in restructuring, a fundamental change in attitudes towards equity financing will be required if the domestic capital base is to be expanded to allow the process to accelerate.

The ownership structure that resulted from coupon privatisation is surprisingly inimical to equity capital. Banks in which the state is still the biggest shareholder control funds which own the bulk of privatised industry. These banks have a tight grip on financing options, with the result that lending portfolios have expanded dramatically in the past few years, suffocating the equity market.

Those bankers and investors who were not in at the start of the fund boom have found the capital market that resulted from it an exclusionary and hostile place. Proponents of equity capital believe that by controlling industry, banks have a monopoly of financing through expensive debt at the cost of cheaper long-term equity financing.

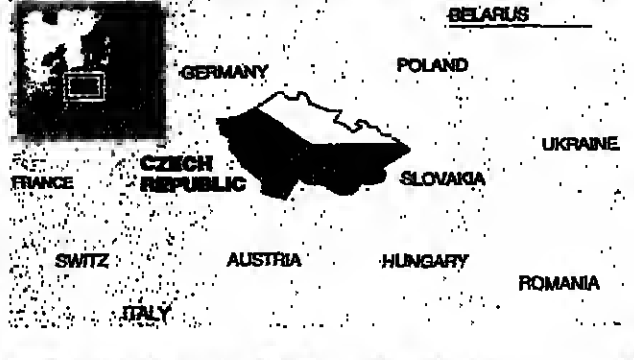
"The fact that Czech issuers should be able to issue shares and have them properly priced is crucial if this country is to get higher growth rates," Mr Bakala says. "There are only so many over-priced commercial bank loans you can stuff into the industrial sector before something starts to give."

Many economists believe that one reason why companies tend to borrow rather than issue equity is that they have not yet been forced to consider the true cost of long term capital. Because labour is so cheap, companies have not tended to replace it with additional capital.

But that may be changing, as investment levels at companies expand because of the onset of the second, consolidation phase of privatisation. Productivity growth expanded by 10.5 per cent in real terms in 1995 as a result of a 16.1 per cent rise in fixed capital investment, while labour costs grew by only 5 per cent in real terms.



Prague businessmen and tourists cross the Charles Bridge, over the Vltava River. Prague is one of the finest cities in Europe



cost of labour. The first of these may be regarded as a one-off, the last as a distortion that will eventually be eroded. Even politicians regard a rise in the unemployment level over the next few years with equanimity. Mr Janáček warns that "the only real barrier to economic growth is the lack of a qualified labour force".

Nevertheless, the low cost of labour will be an advantage for a long time, even as wage differentials with western Europe fall. There is no significant labour movement demanding high wage rises, and a recent increase in the minimum wage has met the most pressing demand of the confederation of trade unions. So the Czech Republic will remain an attractive location for manufacturing industry.

Factors behind the remarkably low level of unemployment are the huge explosion in the services sector, the paucity of welfare, the rise in gross domestic product, and the low

under the category of long term unemployed. The Czech Republic had a national unemployment level of just 3 per cent in February, while the level in Prague, the hub of the economy, was less than one per cent. Unemployment among college graduates, meanwhile, was only 0.7 per cent at the end of last year, Mr Janáček says. Some Czech companies are importing labour from Poland and Ukraine.

This again raises the question of whether manufacturing industry will be able to find the capital to aid its restructuring. A widening current account deficit has highlighted the extent to which industry needs to become more competitive, while also showing the extent to which it is attempting to do so through rising imports of capital goods to

modernise production facilities. The power of banks and fund managers to limit the financing options of Czech companies has also pushed other investors and capital sources to the sidelines. The unruly Prague stock market, beset by insider dealing and lack of protection for minority investors, has frightened off many foreign portfolio investors who might be willing to commit capital if they could be assured of as good a chance of a return on their investments as the most powerful local shareholders.

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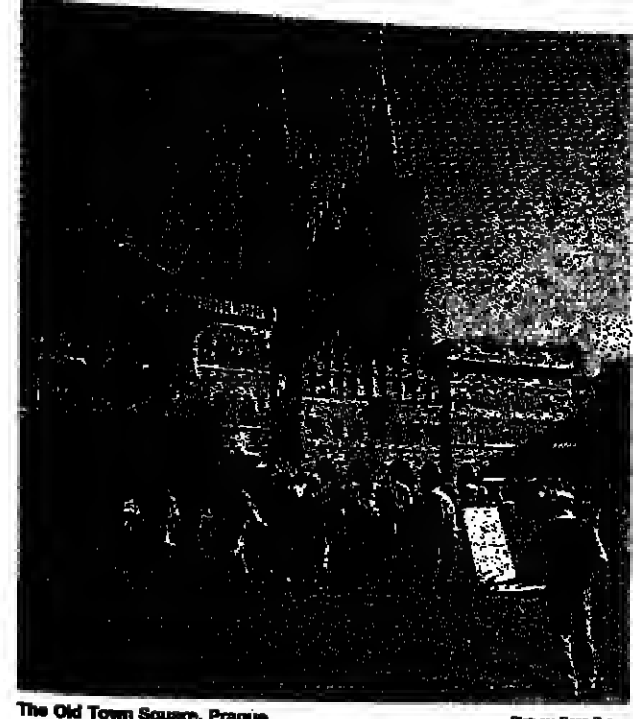
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2 CZECH FINANCE AND INVESTMENT



The Old Town Square, Prague



Foreign exchange bureau, Prague

Economic scenes: By Kevin Done

Enviability reputation for stability and progress

Growth in the Czech economy, lauded as one of the success stories of the transition process in central and east Europe, is gathering pace

The Czech Republic has been transformed from one of the most centralised to one of the most market-oriented of the former communist countries in the last six years. It is the most highly regarded country from the region in the international capital markets with investment grade ratings from all the leading rating agencies, and it is the only one to have been given an 'A' rating by Standard & Poor's.

The Czech Republic and Hungary are the two countries judged by the European Bank for Reconstruction and Development to have made most progress in the process of transition to an open market economy. The bank estimated last year that the private sector share of gross domestic product (GDP) at around 70 per cent was the highest in central and east Europe.

There is still far to go, however, with concern that the country's achievements are much less impressive in key areas such as enterprise restructuring, price liberalisation - in particular, for energy and housing - competition policy and in the reform of financial institutions.

A couple of years of growth have not yet even overcome the impact of the recession of the early 1990s let alone made much headway in closing the gap in prosperity with developed western countries.

The EBRD forecasts that the projected level of GDP in the

last year. Recent cuts in German short-term interest rates, which have been reduced to the record lows last reached eight years ago, should help stimulate economic growth both in Germany and elsewhere in Europe, however. With exports accounting for a high portion of Czech GDP, a small improvement in exports would have a substantial effect on economic growth. In the past year, exports have taken a back seat as an engine of growth, however, with expansion being fuelled much more significantly by domestic demand, by both rising consumption and investment.

At the same time, Czech export competitiveness has been constrained by the slow

Czech reserves of foreign exchange have surged

pace of industrial modernisation, according to a recent study by Merrill Lynch, the US investment bank, and certainly both the trade and current accounts have deteriorated sharply during the past 18 months with imports growing rapidly to supply the expanding economy.

The trade deficit widened to \$3bn in 1993 from \$0.9bn in 1994 according to a recent report from the Institute of International Finance, the global association of private financial institutions. Export growth was limited to an increase of 5 per cent in volume after a rise of 3 per cent in 1994. "With strong demand diverting sales to the domestic

Czech currency

Greater flexibility in exchange rate policy

Central bank takes precautionary steps following heavy inflows of foreign capital

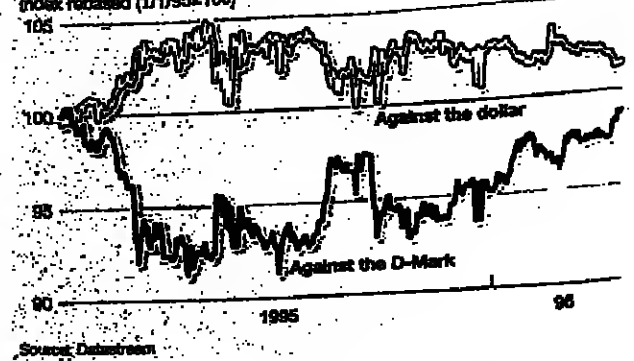
On February 28, the Czech National Bank took the widely anticipated step of widening the band against which the koruna fluctuates against a hard-currency basket. The fluctuation band was increased from 0.5 per cent either side of a central fixed rate to 7.5 per cent, creating a 15 per cent spread.

The central bank acted after a period of heavy inflows of foreign capital, which amounted to \$8.4bn in 1993, the equivalent of about 18 per cent of gross domestic product. The growth in liquidity resulting from this avalanche of money complicated the CNB's aim of reducing inflation. The average inflation rate in 1993 was 9.1 per cent.

The CNB had three aims in introducing a more flexible exchange rate policy. The first was to eliminate the inflationary effects of short-term capital inflows.

The second aim was to increase the competitiveness

Koruna exchange rate



of the Czech economy, a longer term goal aimed at eventually reducing the trade deficit.

The third aim, related specifically to the size of the new band, which surprised many, was to allow the CNB to have the ability to use the full 15 per cent spread if it was forced to do so.

A narrower band may not have been sufficient to neutralise speculative capital and the bank would have lost a certain credibility if it were forced into a second widening.

The CNB acted when it did because the flow of capital in the first two months of this year "had practically stopped on a net basis," according to Mr Josef Tošovský, CNB governor. This reduced revaluation pressures on the koruna, creating the optimal conditions for a change in exchange rate policy.

How much of the total 1993 inflow of foreign capital is short-term or speculative is a matter of conjecture. Estimates suggest it is about 20 per cent of the total of \$8.4bn, which is nevertheless a destabilising amount in such a small market.

In the three days following the CNB's move, a net \$600m was withdrawn by investors, Mr Tošovský said. But on April 1 the CNB raised interest rates to try to stem a sharper-than-expected rise in inflation in January and February caused mainly by increases in regulated prices.

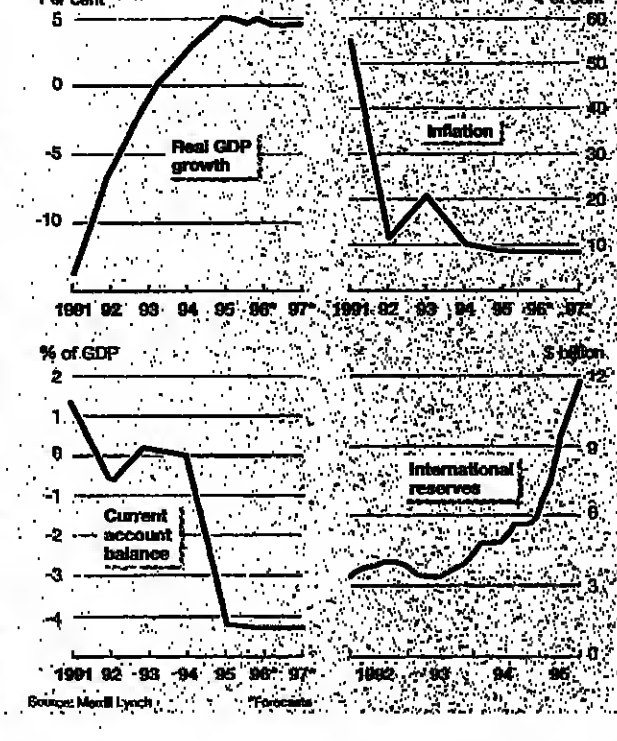
Fearing that rises in, for example, the price of bread would lead inexorably to demands for higher wages and pensions, the CNB felt it had no choice but to raise interest rates, since a primary goal is to cut inflation further in 1994 to about 8 per cent.

The interest rate increase had the predictable unwelcome effect, from the CNB's point of view, of once again attracting more short-term foreign capital. About Kc 2.4bn flowed in over three days, as if testing the central bank's new-found resolve to use the full width of the expanded fluctuation band to ward off currency and interest rate speculators.

Mr Tošovský said the CNB was ready to use the full width of the band to increase uncertainty in the exchange rate if necessary - "investors have to take the full band into account," he said.

Vincent Boland

Economic indicators



market, Czech exporters again lost market share abroad," says the IIF study.

By contrast, import volumes surged by 24 per cent, boosted by imports of investment goods and purchases of intermediate products. Higher imports widened the current account deficit to \$1.9bn, or more than 4 per cent of GDP, from near balance in 1994. The Czech Republic still has a strong surplus in services, however, with the most important contribution coming from tourism, which helps to moderate the impact of the growing trade deficit.

The Czech government still dismisses concerns expressed about the trade deficit and argues that it is inevitable that the deficit will rise at this stage of the transformation of the economy with the rising imports largely accounted for by growing investment, as industrial output and construction expand.

An analysis made by Komertál Banka, the leading Czech commercial bank, says that the higher volume of imports are "of a predominantly pro-investment character" and that they are coming especially from advanced market economies, indirectly indicating the quality of the imports.

The present import and investment wave is expected to result in "a higher technological level, and higher competitiveness of goods and tradable services both at home and in foreign markets," says the bank report. It will take time for this impact to show through in the country's trade performance, however, and in the meantime the slack is being taken up by foreign capital inflows.

With its enviable reputation for stability, both political and economic, in the region - the Czech Republic has one of the lowest inflation rates in the region (7.9 per cent year-on-year in December), a strong currency and a government budget surplus - the Czech overall balance of payments has been marked by a massive inflow of foreign capital.

According to Komertál Banka, the gross inflow of foreign capital last year reached almost \$10bn, of which about 30 per cent represented foreign

Growth of gross domestic product

	1993	1994	1995*	1996*	1997*
GDP, growth in percentage	-0.9	2.6	4.8	5.5	5.5 - 5.9
Consumer price inflation, growth in percentage	20.8	10.0	9.1	7.5-8.5	7.2 - 7.6
Unemployment, end of year, %	3.5	3.2	3.0	3.2	3.5 - 3.9
Current account to GDP ratio, %	0.4	-0.1	-4.1	-5.4	-5.7
General gov't budget balance to GDP ratio, in percentage	0.7	0.9	0.4	1.4	0.8
Public expenditure to GDP ratio, in percentage	-	47.7	47.3	44.7	42.5
Public debt to GDP ratio, in %	21.1	19.9	17.9	15.8	14.4

The move by the Czech central bank to widen the trading bands for the Czech currency, the koruna, may slow or reverse the flow of short-term speculative capital into the country, which was previously attracted by high interest rates with little exchange rate risk.

Since the end of February the koruna has been able to fluctuate 7.5 per cent either side of the daily currency fixing compared to the 0.5 per cent previously permitted.

A tendency for the currency to appreciate may further add to the pressure on Czech industry to restructure.

With virtually the lowest level of unemployment in the whole of Europe at some 3 per cent, economists voice repeated concern about the pace and effectiveness of the restructuring of enterprises, which are believed to be over-manned and reluctant to shed surplus labour.

The shake-up was supposed to follow in the wake of privatisation, where the Czech Republic moved further and earlier than most of the transition economies, but there is unease about the ability of new owners to lead the drive to restructure.

"Czech industry lags behind foreign competitors in technology, retains backward working practices and outdated management strategies," claimed the Merrill Lynch report.

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Banking: By Vincent Boland

Big need to tackle problem loans

Czech banks are finding that reform is a never-ending process

A number of pressing questions face the Czech banking sector at a crucial stage in its reform process. The most serious is the need to get to grips with problem loans, which plague every bank's lending portfolio and have already caused the collapse of several small institutions.

The bulk of communist-era loans were assumed by the Consolidation Bank, leaving the balance sheets of the Big Four - Komerční Banka (KB), Česká Spořitelna (CS), Investiční & Poštovní Banka (IPB) and Československá Obchodní Banka (CSOB), which were created by the break-up of the centralised banking system - relatively free of irrecoverable debt. While some communist-era debt remains a problem for the sector, the most acute difficulty is soured lending arising from loans granted since 1990.

An exception

Only KB, the linchpin of the sector, is considered to have achieved considerable success in provisioning for bad debts. KB required only a small sum to set aside against bad and doubtful debts from its 1995 results, but its total reserves nevertheless amounted to Kc 28.5bn at the end of the year.

CS, the giant savings bank, was forced this month to set aside over Kc 9bn of gross profits for 1995 as reserves against problem loans in its portfolio, almost wiping out its after-tax profit. CS has been in the lending business only since 1990, and its lending difficulties, compounded by its exposure to the collapse of several small banks through its dominance of the interbank lending market, have highlighted the problems that the sector has incurred since the start of economic reforms.

Problem loans are not just an indication of difficulties within the banking sector, however. They also testify to the growing problems of borrowers, especially those large companies that have been wholly or partly privatised and which are encountering severe restructuring problems themselves.

Standard & Poor's, the US ratings agency, in its April BankRating report, said that virtually all Czech banks are plagued by problem loans. "The dearth of bankruptcy proceedings indicate delays in problem recognition, and, more importantly, deferment of organisational and financial restructuring of borrowers," S&P noted.

The large stakes in KB, CS and IPB held by the state have helped to reassure investors that if any of these three institutions, which constitute the bulk of savings and lending business, were to encounter serious problems the state would step in. Bankers believe there is no question but that official help would be available for these three banks, although

the likelihood of such action being required is receding as they continue to provision under pressure from international auditors and from their own desire to attract foreign portfolio investors.

Problem loans, and an unwillingness or inability to tackle them, run deeper among the country's army of small banks. These institutions were set up using private capital in a period up to late 1994 during which the Czech National Bank had a liberal licensing policy. The most successful of this breed of bank is Agrobanka, which has pursued an aggressive growth policy in the past year but remains a somewhat intransparent institution.

However, the small bank sector was rocked earlier this year by the near-collapse of Ekograbanka (no relation to Agrobanka), which was brought to the brink by unwise lending. The CNB agreed, somewhat to the surprise of observers, to step in to rescue Ekograbanka while warning small banks that the rescue was a one-off and that the sector needed to sort itself out quickly.

Mr Richard Selzmann, chairman of KB, remembers the shock he got three years ago when the bank got its first international audit. He and his board had expected to make a profit of Kc 5bn, but the audit revealed a loss of Kc 4.5bn because of the need to increase loan loss provisions.

"We are happy to have that experience behind us," he says, "but it is one that a lot of Czech banks have yet to undergo."

Problems within the small-bank sector raise another serious issue facing the authorities and the wider banking world. In devising a solution for the small sector, should the large banks be forced to help?

Yes, argue the heads of small banks, and even the central bank is sympathetic to the idea.

No, argue senior bankers at the bigger institutions. They are private companies, not charities, they argue.

The CNB estimates that between 5 and 7 per cent of the small-bank sector is in serious difficulties, "equal to one medium-sized bank," says Mr Josef Tošovský, central bank governor. He argues that a significant, one-off move to sort out these small banks, with financial support from the National Property Fund and the larger banks is in the wider interests of both the banking sector and the economy as a whole.

Higher costs

Troubled banks give the appearance of instability, Mr Tošovský argues. Instability could raise the costs to big banks of raising funds abroad.

"This could raise the cost of borrowing for the whole economy," the governor says. That is why the CNB is trying to persuade large banks to bear part of the cost of stabilising the sector. And since, despite privatisation, the state is the largest shareholder in KB, CS and IPB, executives there are likely to respond positively to any request for financial assistance, even while protesting about it, analysts believe.

In the longer term, all Czech banks face the problem of competitiveness. Despite their rapid growth they are minnows in the European context.

While rumours surface from time to time of mergers among the Big Four, discussion of developments like these are somewhat beside the point while the state is the biggest shareholder.

Ownership of CSOB, the fourth large bank, is particularly complex, with the Slovak state owning 24 per cent and most of the rest split between the Czech finance ministry, the NPF and the CNB.

At the service level, much also remains to be done to provide the kind of banking services common in the EU. Foreign banks have also become powerful competitors of the big local institutions in the areas of corporate lending and capital market activities. Much progress has been made in the past five years, but Czech banks are finding that reform is a never-ending process.

Political scene: By Kevin Done

Governing coalition in confident mood

As elections loom, the fragmented nature of the opposition rules out a unified challenge from the left-wing parties

In nearly all the former communist countries of central Europe remained, reformed or reformed communist parties have returned to power, but not in the Czech Republic.

The country's special position in the region is unlikely to be broken at the general election due at the beginning of June with all the opinion polls pointing to a clear victory for Prime Minister Václav Klaus's right-of-centre Civic Democratic party (ODS) and his coalition allies.

The image of political stability and fiscal rectitude has underpinned the Czech Republic's standing in international financial markets and supported the strength of the currency.

Indeed, there is some speculation among political analysts that the present governing parties, the ODS along with the Civic Democratic Alliance (ODA) and the Christian Democratic Union (KDU-CSL) could boost their share of the vote to the point that they would gain a constitutional majority, the three-fifths of the members of parliament necessary to

change the constitution.

Such a result would throw an added spotlight on the election in the autumn of the first Senate, the country's planned second parliamentary chamber, which observers see performing an important role as a constitutional check on a government able to dominate the lower chamber and led by the powerful Mr Klaus.

Opinion polls this year have consistently placed the ODS at around 29 per cent of the vote, with the Social Democrats - the main opposition party - gaining 20 per cent.

Government fears last year that the ODA, the junior coalition partner which seeks to appeal in particular to the new entrepreneurial class, might fail to clear the minimum 5 per cent hurdle, have receded. In recent months the ODA has gained ground in opinion polls to reach around 9 per cent support instead of the 5 to 6 per cent, where it languished for much of last year.

At the same time, some doubts have surfaced about the loyalty of the centrist Christian Democrats, which have failed to proclaim the ODS as



Czech President Václav Havel, the former dissident playwright and leader of the Velvet Revolution in 1989, believes the country will develop along west European lines with a stronger social democratic alternative.

their only imaginable post-election partner, thus opening the door to a possible coalition with the Social Democrats. This remains an unlikely scenario, but the Christian Democrats could eventually emerge as the swing party of Czech politics.

The present confidence of the governing coalition over the election result is strengthened by the fragmented nature of the opposition, which rules out a unified challenge from the left-wing parties.

Unusually for the countries

remain, however, at the margin of Czech politics.

"Unlike in Poland or Hungary or other countries in the region, we had a communist party that was one of the most conservative and the most sclerotic," said President Havel in an interview.

"All the reformers were expelled after the Soviet invasion of 1968, and that is why the communist parties - we have four now - do not play a major political role in this country right now."

For the Social Democrats, a party with a long tradition in Czech politics which was banned during the 40 years of communist rule, co-operation with the communists is not an option that can be contemplated.

They have made significant progress during the past four years under the somewhat aerobic leadership of Mr Milos Zeman, but there are few that believe that they yet constitute an alternative government.

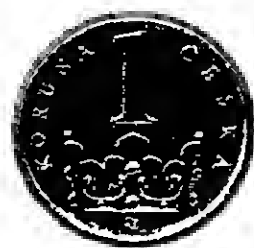
The Czech president believes that the country will eventually develop along west European lines with a stronger social democratic alternative.

"We can see that in west Europe the pendulum swings from left to right and back again, and I believe that that is

Continued on page 5



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● Komerční Banka:	National Property Fund (NPF) - 46 per cent. Investment funds (IPFs) - 33 per cent. Individual shareholders (DIKs) - 7.5 per cent. Foreign institutions - 9 per cent. RIF - 2.5 per cent.
● Investiční and Poštovní Banka:	National Property Fund (NPF) - 32.8 per cent. První investiční AS (PIAS, IPB's fund management arm) - 14.7 per cent. Česka Pojistovna (Czech Insurance Co) - 7.5 per cent. RIF - 6.8 per cent. Institutions, including IPFs and other portfolio investors - 38.2 per cent.
● Československá Obchodní Banka:	Czech National Bank - 26.5 per cent. Czech NPF - 19.6 per cent. Czech Ministry of Finance - 20 per cent. National Bank of Slovakia - 24 per cent. Others - 9.9 per cent.

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4 CZECH FINANCE AND INVESTMENT

Capital markets: By Vincent Boland

Consolidation process under way

Investment funds now control most of the country's financial assets

Reform is the issue of the moment in Prague's financial community. Depending on which side of the argument one is on, the consolidation process now under way in the ownership of privatised industry is either a logical, necessary and welcome development that must not be hampered or curtailed by the dead hand of regulation, or it is logical, necessary, welcome and should be encouraged by being regulated so that it benefits all shareholders, not just a few of them.

Most market participants agree that consolidation is a logical step forward from coupon privatisation, which simply removed property from state control. Market forces were trusted to take privatisation to the next stage - of permanent owners. Those market forces are currently at work with a vengeance.

The government does not want to do anything to slow down this process. It has the backing of managers of investment funds, set up by banks and others to manage the shares that citizens received through coupon privatisation. Through the funds the banks and other managers acquired large stakes across the spectrum of Czech industry. Doing so cost them nothing beyond advertising fees, because coupon privatisation meant the distribution of billions of dollars' worth of property to individuals for payment only of an

administration fee. Investment funds now control most of the country's financial assets. Investors - mostly aggressive local companies seeking to expand through acquisition, or the more powerful fund managers - use the funds as sources of stock. A purchaser usually needs no more than 34 per cent of a target's stock to have control. Funds also often act in concert, as is the case throughout much of the brewing industry, for example.

This process has been developing at a furious pace for the past year. It was given a boost in October 1993 after the Bahamas businessman Mr Michael Dingman struck a deal with the Harvard fund management group run by Mr Viktor Kozny under which Stratton, Mr Dingman's private investment company took stakes in eight leading Czech enterprises.

Mr Kozny may not be the biggest fund manager, but he is probably the most influential and certainly the most far-sighted. He was the first to set up in the business, and spotted the opportunities of coupon privatisation long before his rivals did. Since then, every move he has made - he runs his business from his home in the Bahamas, where he is Mr Dingman's beachfront neighbour - has been watched obsessively in Prague for clues to where the market is headed.

The newest development involves investment funds changing their status to that of holding companies. By doing so, fund managers get around rules that limit the amount of money they can invest in a single company. There is no spe-

cific clause in the regulations governing funds that prevents a fund from being turned into a holding company, but lawyers have pointed out that such a move almost certainly comes under the heading of "significant change in a fund's status", which the regulations seek to discourage unless it is carried out after full consultation with and approval of a fund's shareholders.

The process of consolidation is under way at a time when foreign investors are showing a renewed interest in the Czech

'We are trying to get the regulations closer to those of a normal, functioning market'

stock market. Foreign investors made a killing in the market in its early days to 1993, exiting just as share prices peaked. For much of the past two years the market has been in a slump, but Mr Dingman's appearance, the completion of coupon privatisation, the attractions of particular stocks such as SPT Telecom, and a general reassessment of emerging markets, has sparked renewed interest among portfolio investors.

While foreign investors were away, however, the PSE turned into a classic insider's market. The consolidation process is

not aimed at enhancing shareholder value but at acquiring control of companies at minimal cost as domestic fund managers and corporate bosses jostle for position.

Much of this activity has taken place outside the official Prague stock market. As a result, published data is constantly overtaken by unpublished events. Even the PX 50 index of leading shares is treated with suspicion by independent fund managers, who say it is based on incomplete data.

This is not the ideal environment in which to attract foreign money. Many potential investors, such as pension funds which are strictly regulated in their home markets, are reluctant to enter. "People don't want this hassle," says Mr Zdenek Bekala, chairman of the investment bank Patria Finance, who believes the PSE is under-performing Warsaw and Budapest by a factor of three or four as a result of its technical shortcomings.

The Czech capital market - the PSE, corporate governance, shareholder rights, and so on - is governed by three key pieces of legislation: the Commercial Code (which sets out rules for the business environment), the Investment Companies Act, which regulates the activities of investment funds, and the Securities Act, which regulates the stock market. The last two were drafted in the heat of coupon privatisation.

Amendments to these acts due to take effect on July 1 will tilt the balance of power marginally away from exponents of the status quo and marginally

towards independent investors who seek greater protection of their rights to consultation and a reasonably free flow of information. They were inspired mainly by Mr Tomáš Ježek, an architect of coupon privatisation who took over as chairman of the Prague stock exchange on April 1.

The key changes are an amendment to the Securities Act designed to enhance protection of minority shareholders, and an amendment to the Commercial Code which will oblige an investor taking a stake of 50 per cent or more in a company to make an offer to buy out minority shareholders in that company.

Other changes will oblige a group of managers seeking to delist a company from the exchange to seek the approval of shareholders (currently only the board of directors need approve such a move), and will break the dominance of the state-run Securities Centre in acting as the registrar of all shareholdings.

"We are trying to get the regulations closer to those of a normal, functioning market," says Ms Petra Wenzelová, vice president of investment banking at CS First Boston in Prague who advised on the new rules.

The big test remains their enforcement, and there is no guarantee, despite Mr Ježek's appointment, that enforcement will be any more effective than it is now. Until an independent watchdog is in place, the Prague stock exchange will continue to be a shark-infested stretch of water for the average investor.



Reform is the hot topic in the financial community. Above, the banking district, Prague

Ministerial interview: Vladimír Rudlovec

A reluctant regulator

'The first duty of the government is to complete privatisation,' says the deputy finance minister

Mr Vladimír Rudlovec, the deputy finance minister with responsibility for capital markets, is a reluctant regulator.

In the birth of coupon privatisation, he claims that the structure of the capital markets this pioneering exercise created is unique and not comparable to that of other markets abroad.

"Our capital market is something specific. It is very difficult to compare it to any other emerging market, because 90 per cent of it is not a traditional capital market," says Mr Rudlovec. "The question is: what should be on the capital market and what should leave it. We must now give natural forces the space to sort this out."

One of Mr Rudlovec's tasks is to oversee the markets supervision section of the ministry, which has come in for fierce criticism for its inability to enforce the rules that exist to regulate market activity. With 65 inexperienced and

badly-paid staff trying to monitor the complex activities of increasingly sophisticated investors whose understanding of the rules is infinitely greater than that of the regulators, it is a thankless job.

Mr Rudlovec insists that consolidation of the ownership structure that emerged from coupon privatisation is crucial to the development of the market. Regulation should not prevent that process, he says, and there is little the government can or should do to create the conditions where all investors will benefit equally because to do so could stop the process or slow it down.

"Why should I limit [the activities of large investors] while pretending to protect small investors? If I do, I'll simply stop this process of consolidation and small investors will end up much worse off if consolidation stops or slows down."

"I'm an opponent of false protection. The first duty of the government is to complete privatisation. From the beginning we had a principle that if we can, with minimum risk, proceed without regulation, we would. If I'm not compelled to regulate, I won't - until something changes and then I will change my approach."

Mr Rudlovec is not convinced that now is the time to change the government's approach. He says he disagrees in principle with some aspects of the proposed reform package, particularly the clauses relating to mandatory buy-out offers where a shareholder takes a 50 per cent or higher stake in a company.

Financing for such buy-outs, he believes, will be difficult to raise. Investors who cannot raise the extra finance to make such an offer might decide not to move at all, he fears.

He also says there is unlikely to be any significant strengthening of the supervisory section to ensure that the new rules are enforced. He says he is sympathetic to the idea of an independent watchdog modelled on the US Securities & Exchange Commission, but until one is established he appears reluctant to see the ministry create an in-house watchdog that might ultimately be a barrier to it.

The reform package "will be shelved over a year," he says. "Then in 18 months we can look again at setting up a new supervisory authority."

Vincent Boland

Prague stock market development: By Kevin Done

Concern over corporate disclosure

Foreign investors worry over lack of transparency in prices and illiquidity

Prices on the Prague stock exchange have made significant progress this year, but they have been overshadowed by the big gains achieved in Warsaw and Budapest.

The fundamentals of the Czech economy and the sense of political stability - unaffected by the looming election - ought to favour Prague in the minds of foreign investors looking to invest in central and east European equity markets, but brokers warn readily of the perils of investing in Czech securities.

The concerns range from inadequate corporate disclosure, lack of transparency in prices, illiquidity, and the fact that it is an insider's market.

A report from Zivnostenská Banka, the Czech bank in which BHF Bank of Germany holds a dominant position, claims that the main obstacles to better performance in recent months have been "poor market transparency and fear of investors scared by the so-called third privatisation wave".

The latter is the rather misleading term given to the process of concentration of ownership currently under way in the Czech Republic with quick changes occurring among the shareholders controlling large stakes with little thought given to the protection of minority shareholders.

While the markets in War-

saw and Budapest have surged by 50 per cent and more so far this year, the main Prague stock exchange index has advanced more sedately with a rise of more than 15 per cent during the first three months of the year. This has still outstripped earlier less optimistic forecasts, however, and is a gain that many analysts had expected to take up to 12 months to achieve.

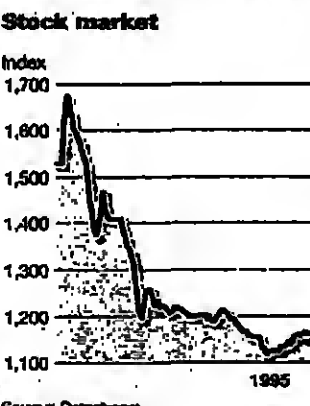
After the collapse of the first half of last year in which the PX-50 index fell from 586.6 in January to a low of 387.2 in June, there was a slow recovery during the second half with a gain of 10 per cent to end the year at 425.9. Steady gains this year mean that during April the index has again broken through the 500 barrier.

Still, investment bankers claim that it is crucial to have a reliable domestic broker on your side to avoid the myriad pitfalls of the Czech market. "This is much more important in Prague than in Warsaw, where there is one market, better disclosure of corporate events and clear regulation," says Mr Aleš Barabás, Zivnostenská Banka director of investment banking and chairman of the Prague Stock Exchange's listing committee.

According to local brokers Patria Finance the Prague market has developed rapidly in its first three years, but they maintain "it has a long way to go before it begins to offer the liquidity, transparency, quality of trading and settlement procedures of other European exchanges". The problems are galloping as Prague has the potential to be a leader in the region. The number of stocks

on the market at more than 1700 - reflecting the completion of two waves of mass voucher privatisation - dwarfs both Warsaw and Budapest, and at some \$20bn the market capitalisation is several times higher than those of the Polish and Hungarian bourses.

"The potential here is much greater, there is a higher market capitalisation, and more companies, but you must ana-



lyse everything very carefully. There are four prices in demand," says Mr Barabás. "Based on the economic fundamentals, it is the time to come and buy, but there are obstacles to investing."

Already lacking in liquidity, share trading in Prague suffers from there being four different markets, the Prague stock exchange (PSE) itself with both its automatic trading system and direct block trades, the Securities Centre and the RM-System, mainly used by individuals. Zivnostenská estimates that the RM-S accounts

for 10 per cent of share trading, the Securities Centre for between 30 and 40 per cent and the Prague stock exchange for between 50 and 60 per cent.

The main index for the market is the PX-50, based on the top 50 stocks on the Prague stock exchange. It reflects only prices in the central market's automated trading system, which for much of last year was accounting for 10 per cent

and to manipulate the market.

Very large premiums are being paid for big blocks of shares in what is still seen as a market for strategic rather than portfolio investors, where the process at work is still one of concentration of control, of consolidation, rather than one of raising capital and of setting prices.

"There is still a big step ahead for this market to move from privatisation to the normal functions of a capital market," says Mr Barabás.

Some important changes are already taking hold, however, which are improving trading prospects in the main stocks: in March the bourse moved to continuous trading for the first time in the five main stocks, Komerční Banka, the leading commercial bank, Česká Spořitelna, the savings bank, ČEZ, the power utility, SPT Telecom, the partially privatised telecommunications utility and the KB Investiční fond, the investment fund.

Continuous trading is expected to improve both liquidity and price formation. It will further concentrate operations on a market, where already around 60 per cent of trading is focused on the top 10 stocks. At the same time more rigorous financial reporting regulations have been imposed on the leading 60 or so listed companies on the bourse.

Three tiers were introduced last year with the top 35 stocks to the "main market" having to provide quarterly financial reports, and the remainder of the 60 listed companies in the so-called second tier reporting every six months.

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Profile: Tomáš Ježek, chairman of the Prague stock exchange

Outspoken protector of small investors

Mr Tomáš Ježek, the chairman of the Prague stock exchange, is one of the best-known faces in the Czech Republic. His blunt, populist style has made him a popular figure, while his relative independence from the party political fray, despite being a member of the governing Civic Democratic Party (ODS), means he is also something of a loose cannon.

Mr Ježek is one of the men who planned and executed the coupon privatisation programme. As chairman of the National Property Fund, the state holding company, during the first wave of privatisation he played a key role in ensuring a successful outcome. He left that post in 1994 in controversial circumstances, in a coup by leaders of the Civic Democratic Alliance (ODA), a junior coalition party of which he was then a member.

At the same time he defected from the ODA to the ODS, which has proved to be a more natural home for a man not afraid to speak out of turn. He has campaigned for some time for the chairmanship of the PSE, and on April 1 succeeded Mr Richard Salzmann at the

post. The latter stepped down because of the demands of his position as chairman and chief executive of Komerční Banka, the biggest Czech bank.

Mr Ježek brings to the stock exchange post a determination to protect the interests of small investors in a process of rampant, post-privatisation consolidation in the ownership structure of Czech industry. Since he does not bring any experience of stock markets to the role, his most potent weapon in ensuring a more orderly market may be his genuine outrage at what he believes is the abuse of millions of small investors - most of them Czech citizens - at the hands of the domestic investment funds and other powerful market players.

He has already made his presence felt. Earlier this month he removed a large investment fund's listing from the main market after its managers changed its status to that of a holding company. That move, Mr Ježek said, was a violation of the investment fund licence granted to PPF, the fund's manager, and described it as "a commercial offence". PPF said it would seek to

have the new holding company's stock market listing restored as soon as possible but did not offer to revert back to the status of investment fund. Nevertheless the PSE chairman believes he has made a point - "PPF did not inform the market [he made a public announcement] of the change, so the fund was suspended".

This example cuts to the heart of the debate on the transparency of the Prague market. Disclosure rules are frequently flouted, but they will be strengthened by the adoption of amendments to the acts governing the capital markets. Mr Ježek is determined to see that those new rules are enforced, even though it is the finance ministry and not the PSE that is responsible for enforcement.

But, as is clear from the PPF case, the exchange can impose its own sanctions. Investors "not meeting the disclosure requirements [of the new amendments] will lose their voting rights for one year," says the chairman.

Vincent Boland

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FINANCE

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CZECH FINANCE AND INVESTMENT 5

Privatisation: By Vincent Boland

The heady days are over now

An era of sorts will end in the first weeks after the Czech general election with the probable closure of the Czech privatisation ministry. Although the sell-off programme is by no means over, the ministry's role as an administrative centre for the vast amount of paperwork involved in coupon privatisation effectively ended early last year.

The pioneering coupon privatisation programme ended early last year, while strategic privatisations arguably peaked last summer. Much of what remains to be privatised - banking, telecoms, energy - has already been partly sold

tion of the banking sector. It is a matter of some debate as to whether ending state involvement in the country's four large banks is a necessary prerequisite to privatisation of other industries, but there is no doubt that the state's shareholdings in the banks act as a force of both good and ill for the economy. Senior Czech bankers believe that those shareholdings lend credibility to the sector. At a time of painful re-adjustment to the market, they signal a readiness by

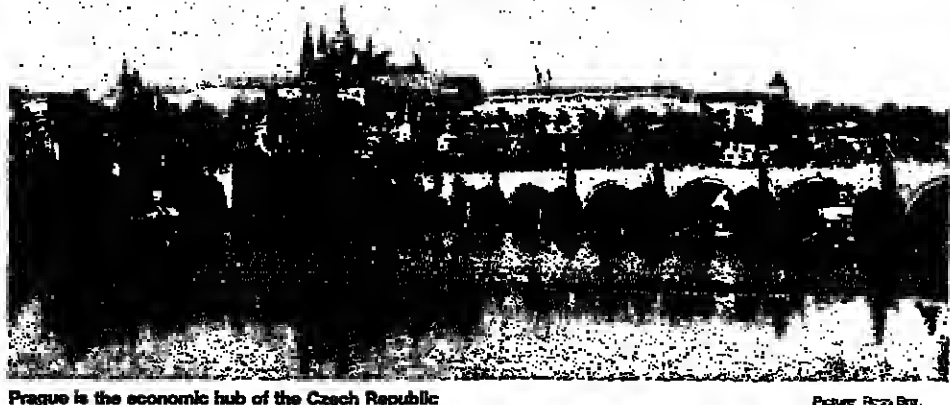
government to step in to help should something go badly wrong. Bankers point out that all the banking collapses over the past three years have been of new, private institutions in which inexperienced or downright incompetent executives over-extended themselves. But continued state ownership of the big four also raises questions about the depth of privatisation, given that Komerční Banka, IPB and Česká Spořitelna are among the most powerful fund managers, managing investment funds with stakes in a swathe of industrial holdings on behalf of millions of citizens.

Combining these large investment portfolios with their savings and lending businesses, the large banks probably control two thirds of the Czech Republic's financial assets, estimates Mr Vikas Thapar, Prague representative of the International Finance Corporation, the private sector arm of the World Bank. For the moment there is a problem about further privatisation of the sector. A shortage of domestic capital rules out sales to domestic investors.

For a variety of reasons, meanwhile, the government is reluctant to sell stakes in the large banks to foreign strategic investors, although the Czech National Bank is more in favour of this option. In addition, the state owns two-thirds of CEZ, the electricity producer, but there are no plans currently to reduce this. The energy sector was further restructured last year through the creation of Unipetrol, a holding company for petrochemicals, oil refining and petrol retailing. A 49 per cent stake in the Litvinov and Kralupy refineries was sold to a consortium of Agip, Conoco and Royal Dutch/Shell, presaging a \$450m investment and modernisation programme.

Another early candidate for privatisation could be Nova Hut, a large steel plant in Moravia. The government has an unhappy record of steel privatisation, however. Poldi Ocel, the first to be privatised, is facing bankruptcy and has cost taxpayers at least Kc 750m so far in unpaid bills. There are also allegations of fraud surrounding its sale to the entrepreneur Mr Vladimir Stehlik, who ultimately could not raise all the money he needed to buy the plant.

Earlier this year, the government sold a controlling stake in a second steel plant, at Th



Prague is the economic hub of the Czech Republic

National Property Fund: By Vincent Boland

Embarrassing setbacks for largest shareholder

A review of the NPF's future is likely after the election, when control of the agency moves to the finance ministry

The National Property Fund is the country's single biggest shareholder, still administering stakes of varying sizes in hundreds of companies. But it is under

wing attack from many sides after two recent setbacks have called its continuing into question. The NPF's most embarrassing setback was the one to which its flaws were exposed by the collapse of Ocel, a steel company in which the entrepreneur Mr Petr Stehlik bought a 35 per cent stake in a tender organised by the agency in that sale went badly and is now the subject of a court action. Poldi Ocel, while, is facing

the issue is how much the NPF is responsible for the contract with Mr Stehlik, which even the NPF's chairman admitted "leaked". In fairness, the NPF's chairman, Mr Jan Česka, was not in the position in 1993, although as deputy privatisation minister, at the time he would have played a key role in the tender. Mr Stehlik currently owes the NPF some Kc 750m in

an unpaid instalment for his stake. In addition, Poldi owes huge sums in unpaid social security levies, which the labour ministry is unlikely to recover. During its short period in private ownership, Poldi also ran up huge debts, estimated at Kc 3.8bn, which may have to be borne by the taxpayer.

The NPF reacted defensively to the Poldi debacle. But another setback could have more serious long-term implications. In February, the agency failed to find a buyer for a 38 per cent stake in Spolana, a big chemical company, in a tender, not because it is an unattractive investment proposition but because a strategic investor had just acquired a controlling stake, freeing out other serious buyers.

Since the NPF does most of its selling through tenders, the failure to dispose of Spolana suggests it needs to be more innovative in future. Investment bankers, who have a vested interest, talk of the need to undertake public offerings where appropriate, and to consider international offerings to overcome a shortage of domestic capital. A review of the NPF's future

is likely after the election, when control of the agency moves to the finance ministry from the privatisation ministry, which will probably be closed. Bankers say, however, that the NPF also needs to examine its own role as a continuing large shareholder in industry and to develop a long term strategy for acting in that capacity.

At the moment, says Mr Zdenek Bakala, chairman of the investment bank Patria Finance, the NPF "has no strategy, no mandate and no tools to implement it if it had one". As the country's biggest shareholder, the NPF is a considerable political power base. Mr Česka is a member of the outgoing coalition that also controls the privatisation ministry. The finance ministry, meanwhile, is the province of the Civic Democratic Party of the prime minister, Mr Václav Klaus.

If the NPF comes under the wing of the finance ministry after the election, its political significance, and its continuing role, may be changed considerably.

Wide interest

There was strong initial interest from British, German and French energy groups in the sector last year and these potential investors are expected to return if and when the distributors are offered for sale.

In addition, the state owns two-thirds of CEZ, the electricity producer, but there are no plans currently to reduce this. The energy sector was further restructured last year through the creation of Unipetrol, a holding company for petrochemicals, oil refining and petrol retailing. A 49 per cent stake in the Litvinov and Kralupy refineries was sold to a consortium of Agip, Conoco and Royal Dutch/Shell, presaging a \$450m investment and modernisation programme.

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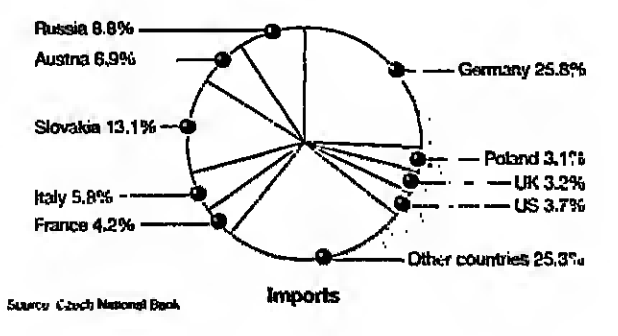
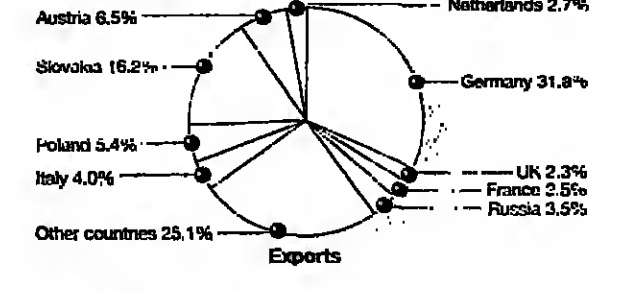
German buyers

The most obvious buyers are German banks or other institutions, and German influence in the economy is already considerable. In addition, the only significant foreign investor in the Czech banking sector is BEF Bank of Germany, which owns 40 per cent of Zivnostenská Banka, a mid-size niche bank. One sector likely to be an

CZECH REPUBLIC: KEY FACTS

Table with 2 columns: Fact and Value. Includes President (Václav Havel), Prime Minister (Václav Klaus), Finance Minister (Ivan Kocarik), Constitution (Parliamentary Republic), Population (10.4 million), Capital city (Prague), Currency (Czech Koruna, Crown (US\$1 = Kc 27)), Industrial production growth, 1996 estimate (6.0 per cent), Average consumer price inflation, 1996 est. (8.5 per cent), Nominal GDP, 1996 forecast (\$30.3bn), Nominal GDP per capita, 1996 forecast (\$4,637), Exports, 1996 forecast (\$18bn), Imports, 1996 forecast (\$21.6bn), Gross foreign debt, 1996 estimate (\$16.2bn).

Foreign trade 1995



Coalition remains confident

Continued from page 3: likely to be the case in this country. It is part of the traditions of west Europe, where we feel we belong." According to President Havel, "a certain development still lies ahead of our Social Democrats, before they emerge as a genuine alternative like the western social democratic parties are. Many people feel that we should have a valid Social Democratic party as an alternative to the more right of centre parts of our political spectrum. Given the fact that the Social Democratic party

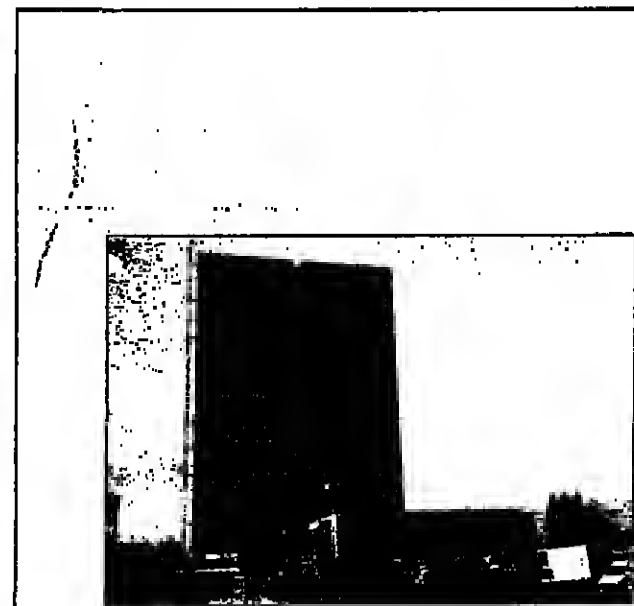
had to start again from scratch, it still needs some time for a structure to develop and for its leaders to profile themselves. It is still experiencing some growing pains." The Czech Republic continues to enjoy a remarkable reform consensus. There have been some pointers in recent months to the potential for future social unrest, with protests by public sector groups such as the railway workers and more recently by doctors, but disquiet about the state of the health service and about education does not appear to have the proportions that

could undermine the present coalition. The ultimate parliamentary strength of the main parties will be determined importantly by how many of the smaller parties on the Czech political stage succeed in crossing the 5 per cent barrier. "The election will not be a very exciting event," says Mr Jedin Fistein, the new editor of Lidové noviny, the pro-government newspaper. "But this stability is the main blessing for this country. The world knows what it can count on... rationalism is so deeply-rooted in Czech society."

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The Next Survey to be Published about the Czech Republic will appear on Thursday, November 14. For More Details Contact THE PUBLIC EYE Tel/Fax (422) 29 08 15 FT Surveys



PUBLIC TENDER advertisement. Text: PUBLIC TENDER. ČESKÝ ROZHLAS logo.

Public Tender details. Text: On the 27th March 1996 the General Director of Czech Radio decided to advertise PUBLIC TENDER for making the best bid to enter into a contract on purchase of the Radio Broadcasting Centre at Pankrác, Prague 4, Ruznickova St. 1. Object 1.1. The object of the public tender (Tender) is the best bid (Bid) subject to the advertiser's valuation, to enter into an agreement for the (a) purchase of a real property and certain movable estate; (b) conveyance of obligations; (c) conveyance of lease agreements; (d) assignment of claims in relation to the Radio Broadcasting Centre Pankrác still in construction (RSP) in accordance with the conditions herein. 2. The RSP consists of: 2.1. A high rise building under construction - 27 floors plus 3 underground floors, plot No. 2860/9; 2.2. A building - three floors + one underground floor, plot No. 2860/10; 2.3. Other areas registered under the plot No. 2860, whereby all the described property is entered in the evidence (title record No. 5) of the Cadastral Area Nusle, Land Register Office Prague - City; 2.4. Provisional structures used as Pankrác building site premises; 2.5. Provisional structures used as Pánske building site premises; 2.6. Mobile cells used as Pankrác building site facilities. 3. Price 3.1. The offered price is 1,350,000 CZK (one billion three hundred and fifty million Czech Crowns); 3.2. Before filing the Bid for the Tender each bidder shall deposit (Deposit) 1% of the offered price in a separate account with his bank. The account shall be blocked to the benefit of the advertiser. Immediately after the selection of the winning Bid, the other participants will receive written notice from the advertiser which will serve as a no evidence for release of the blocked account. 3.3. Failure to deposit the Deposit before filing the bid will make such Bid void and invalid. 4. The Bid filing procedure 4.1. The bidder shall submit one copy of the Bid in a sealed cover marked by "RSP" in person or through an agent having a power of attorney with officially verified signature of the principal to the attention of Ms Marie Malá, notary in Prague (Office: Prague 2, 17. Karlov náměstí). The date and hour of the Bid filing together with a receipt of the Deposit and a contract with the respective bank will be acknowledged and entered into a custody record; 4.2. After filing the Bid the bidder may neither revoke the Bid nor make modifications or amendments thereto; 4.3. Before filing the Bid, the bidder will have an opportunity to review the RSP documentation with Ms Marta Bössová (phone +42 - 2 - 273889). 5. The time limit for filing of a Bid 5.1. The Bid shall be filed in person or through an agent (see 4.1.) by not later than by 2:00 p.m. on 14th June 1996. If the Bid is mailed, the filing date and time will be considered to be the date and time as defined in Article 4.1. hereof. 6. The valuation method and deadline for selection of the best Bid 6.1. Ms M. Malá, notary in Prague will draw up a notarial deed recording the opening of the covers, the number of bids, prices offered as well as the number and type of exhibits, if any; 6.2. The readiness to pay the purchase price and supporting evidencing the capacity to pay the purchase price as well as comments on the draft contract will be amongst the criteria for valuing the bid; 6.3. The advertiser shall complete the valuation of the bids by July 1st, 1996; 6.4. The advertiser will select the best Bid not later than by July 15th, 1996 together with the notice published in daily press and mailed by a registered letter to each bidder. By the same time the advertiser will notify other bidders on the best Bid. 7. Advertiser's reservations 7.1. The bidder shall assume the draft agreement produced by the advertiser as his own. The draft mentioned will establish a basis for negotiations on the final agreement; 7.2. The advertiser retains the right to modify or nullify the advertised Tender in the same way as it has been advertised; 7.3. The advertiser retain the right to reject all Bids submitted. 8. Information 8.1. Any information on the RSP are available with Ms Marta Bössová (phone +42 2 273889); 8.2. Besides the said information the bidder will obtain the advertiser's draft agreement which forms a supplement to the conditions of the Tender.

6 CZECH FINANCE AND INVESTMENT

Foreign Investment: By Kevin Done

Asian investors take the plunge

So far, the lion's share of interest has come from western Europe and to a lesser extent from the US

The recent decision by Matsushita Electric of Japan to invest in a television plant in the Czech Republic for its Panasonic subsidiary marks the first big Japanese greenfield investment in the country.

Japan and other Asian investors such as South Korea and Taiwan have been slow to enter the emerging markets of central and east Europe, but the Panasonic move has been heralded in Prague as the breakthrough, that could attract a rising wave of Japanese investment.

"There was increasing interest from Japanese companies last year, but this became enormous after we announced the Panasonic deal," says Mr Martin Jahn, director for greenfield projects at Czechinvest, the Czech agency for foreign investment.

Czechinvest is talking with Japanese companies about projects worth \$400m, chiefly in the electronics and textiles sectors.

The agency believes that the Panasonic investment could act as a catalyst in the electronics industry as did Volkswagen's acquisition of control of Skoda Automobily, the Czech carmaker, in the automotive sector a couple of years ago.

The takeover by Europe's biggest carmaker of Skoda has triggered a big effort to restructure and modernise the

Czech automotive components industry and has already led to the formation of more than 40 joint ventures between western components producers and Czech suppliers and the setting up of 15 greenfield site components plants.

Czechinvest expects several Japanese suppliers to Panasonic to set up operations in its wake in the Czech Republic, and claims that there is also increasing interest from Japanese companies in buying components in the Czech Republic for their assembly operations in Germany.

Daewoo, the South Korean industrial conglomerate, has been in the vanguard of Asian investments in east Europe, and although it has focused its attention chiefly on Poland and Romania, it has also taken control of Avia, the Czech light truck maker, which it is expected to integrate into its growing east European production network.

Interest in the Czech Republic has also emerged from Taiwan and investment in the creation of an industrial park either in Pizeň or in Ostrava is under discussion.

Attractions

Czechinvest believes that Japanese investors are being attracted to the Czech Republic by its record for "political and macro-economic stability. This was the most important reason for Matsushita choosing this country," says Mr Jahn.

The Matsushita plant, to be built at Pizeň in western Bohemia, is expected to enter production in April 1997 with a workforce of 350 and initial output of 300,000 units a year.

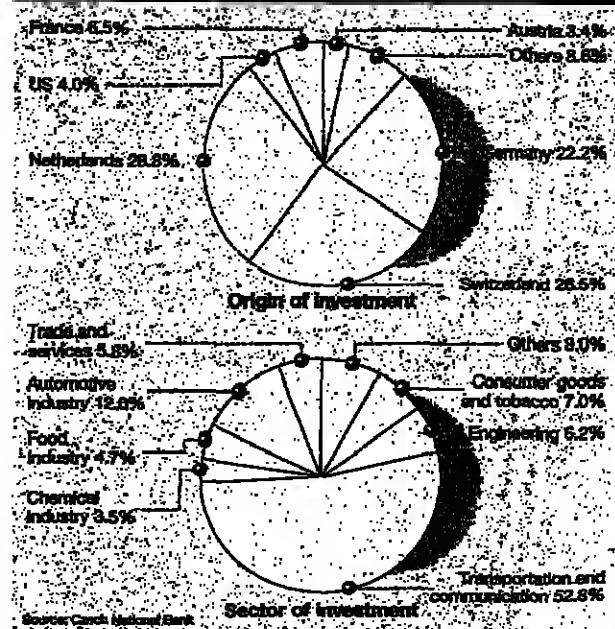
Production, mostly for export to other European countries, is planned to reach a million units a year with the workforce rising to 1,500 and with the possibility of the plant producing other products in the Panasonic range.

While the Czech Republic seeks to woo future investors from Asia, the lion's share of interest to date has come from west Europe and to a lesser extent from the US.

Hungary remains clearly the main recipient of foreign direct investment in central and east Europe, attracting funds totalling \$11.3bn in the six years from 1990 to 1995, according to a recent report by the Economist Intelligence Unit.

The Czech Republic, Poland and Russia are forecast to out-

Foreign direct investment 1995



pace Hungary during the coming five years to 2000, however, with the EIU forecasting foreign direct investment in the Czech Republic of \$15.5bn in the period compared with the \$6.797bn received from 1990 to the end of 1995.

According to figures from Czechinvest, the pace accelerated last year with investment rising to 2,556bn in 1996 compared with \$963m in 1994 and \$668m in 1993.

Of the cumulative investment of \$5.8bn, some 30 per cent has come from Germany, 14.2 per cent from Switzerland and 13.6 per cent each from the US and the Netherlands. France accounted for 9.3 per cent and Austria for 5.4 per cent.

A quarter of the investment has flowed into the transportation and communication sector followed by the auto industry with 18.4 per cent, and consumer goods and tobacco with 14.5 per cent.

Other popular sectors for investment have been the construction industry, banking and insurance and the food industry, with each accounting for between 7 and 8 per cent of total foreign direct investment.

The surge in foreign investment last year was led by a series of key deals including the sale of stakes in the Czech telecommunications and oil refining sectors, and the payment of the final tranche of Volkswagen's DML4bn acquisition of its 70 per cent stake in Skoda Automobily.

The most significant step was the sale of a 27 per cent stake in SPT Telecom, the Czech telecommunications utility, for \$1.45bn to the TelSource consortium led by KPN, the Dutch telecoms and postal group, through its PTT Telecom Netherlands subsidiary, and Swiss Telecom, its minority partner.

The deal followed a fierce bidding war among five telecoms groups. TelSource's bid, which had technical support from AT&T of the US, comprised \$1.32bn in cash and the rest in contributed services.

Last year also marked the sale of 49 per cent of Czech Refineries, the country's two main oil refineries, to a consortium of international oil companies, known as IOC and grouping Royal Dutch/Shell, Italy's Agip and Conoco of the US.

IOC paid \$73m for the stake, which has paved the way for a five-year modernisation programme at Czech Refineries (CR) that will cost at least \$480m and is a crucial part of the restructuring of the country's refining and petrochemical industry.

Last year Mr Michael Dingman, a Bahamas-based American private investor, also bought a series of significant stakes in 8 Czech companies for around \$250m in sectors ranging from pulp and paper to glass, shipping and breweries.

The entry of his investment company, the Stratton group, heralds the arrival of a new force in the restructuring of Czech industry, with Stratton aiming to add western sales and marketing and financial expertise to companies that have traditionally been production led.

Spending on infrastructure: By Vincent Boland

Future linchpin for European transport

Given its central location, the Czech Republic will eventually be a key hub in the European transport network. The country is about to run very fast to catch up with western Europe

through Moravia and the eastern Czech city of Brno. The fourth project, meanwhile, is an orbital road circling Prague similar to, though hopefully not as lengthy as, the M25 around London.

Another Kc 50bn will be spent on the railways. The Czech Republic has the world's most extensive railway network, Mr Budinsky says, with a density of 1km of track per 1,070 people, compared with 0.25km per 1,000 in the UK.

Two main projects dominate railway spending. The first is completion of the modernisation of the corridor through Prague to Brno in the east, the last stop on the Czech side before entering Slovakia. This corridor forms part of the main railway line linking Berlin and Budapest and is regarded as one of Europe's most important rail lines.

In 1990, one-in-five Czechs owned a car. Now the ratio is one-in-three, the minister says. But it is not just domestic road users who are responsible for increased traffic. The Czech Republic's position at the geographical heart of Europe means that heavy traffic also arrives from Germany, Poland and Austria, making Czech roads an intimidating drive, especially in high summer as tourists race to the Black Sea beaches.

Four main projects dominate the upgrading of the highways. The first is the completion of the D5 motorway that will link Prague with Nurnberg in southern Germany, via the western Czech town of Pizeň. The Prague-Pizeň leg of this highway was completed late last year and the entire road is expected to be finished by 2000.

The second project is the building of the D8 motorway from Prague north to Dresden in eastern Germany. A contract between the Czech Republic and Germany for this project is expected to be signed soon, although work on the Czech side has already started. The highway is scheduled to be fully operational by 2004.

A third road project is the D47 highway that will run from north to south, linking the Baltic states and Warsaw with Vienna, which will run

through Moravia and the eastern Czech city of Brno. The fourth project, meanwhile, is an orbital road circling Prague similar to, though hopefully not as lengthy as, the M25 around London.

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Car and truck traffic has risen rapidly in the last five years

The second project represents another vital corridor in Europe's rail network - the Ostrava/Prerov/Brno leg of the track linking Poland to the south. Each project will be financed by a mix of budget subsidies, state-guaranteed loans and commercial loans from banks, and when they are completed the government hopes they will become the main revenue sources for Ceska Drahy (CD), the state-owned railway company.

When the two rail corridors have been completed, journey times between Prague, Brno and Vienna should be reduced considerably. It takes nearly six hours to travel from Prague to Bratislava, the Slovak capital. Mr Budinsky says the upgrading has the capacity to cut journey times by nearly half.

CD is losing Kc 5bn a year, mainly because railway use has fallen dramatically as car numbers have increased - rail passenger numbers have fallen from 290m in 1990 to 227m last year. A restructuring programme that involves the privatisation of some of its work is being implemented although, so far, privatisation extends only to railway routes can be in private hands but I am very sceptical," Mr Budinsky says. The whole idea of privatisation of the network is unworkable, at least for the moment. Instead, to turn CD around the focus is on cutting costs and raising revenues.

The restructuring of CD will see the closure of some lines where demand for rail services is negligible. Although there is a target of reducing the network by 10 per cent, Mr Budinsky says the aim is to cut costs, not to shut lines. CD will remain a state company at least until 2000.

Elsewhere, a new international passenger terminal under construction at Prague airport is expected to raise the airport's capacity to 4.8m passengers by the end of the decade, from 2.3m today. The \$300m project is being carried out by Bouygues of France and British Aerospace, with domestic financing. The project, initially delayed because of the government's refusal to guarantee loans offered by international banks. It went forward when the foreign banks agreed to underwrite loans from domestic banks.

In addition to transport infrastructure, SPT will be the national telephone operator, will also be heavily involved in modernisation of the end of the decade year the government will spend 1.45bn on the first step process. Now SPT is running on an investment programme that will cost \$5bn to implement, services and linking operators into the network.

Some local operators are gearing up to offer specific services in selected areas, while two mobile telephone operators were licensed at the end of February to begin offering digital mobile communications nationwide. The entire telecommunications project is being funded by private finance.

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Contact persons:

JUDr. Olga Hromasova Chairwoman of the Board YSE, a.s. - IF

Ing. Petr Kuthanek Chairman of the Board Linb A/T a.s. - Manager of the YSE, a.s. - IF portfolio

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